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## 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

**6.4%**

Revenues / GDP<sup>1</sup>

**6.7%**

Exports / Turkey's Exports<sup>1</sup>

**19.4%**

Total Market Capitalization on  
Borsa İstanbul 100 Index<sup>2</sup>

#### Turkey's Largest Industrial Group

##### 4 of Turkey's 10 Largest Industrial Enterprises<sup>3</sup>

1. Tüpraş
2. Ford Otosan
6. Arçelik
7. Tofaş

#### Turkey's Largest Network

##### Biggest Employer

>100.000 employees

##### Largest Distribution Network

~840 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 Expenditure<sup>4</sup>

##### Turkey's Largest Intellectual Property Rights Portfolio

- > 8,600 trademarks
- > 2,900 patent families
- > 4,800 patents
- > 1,000 industrial designs
- > 5,700 internet domain names

#### Turkey's Largest Exporters

##### 4 of Turkey's 10 Largest Exporters<sup>5</sup>

1. Ford Otosan
3. Tüpraş
7. Tofaş
9. Arçelik

**~31 %**

International revenues / Total revenues

**>150**

Number of exporting countries

**>60**

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 2020 data

(2) Based on Borsa İstanbul's data as of 31 December 2020

(3) İstanbul Chamber of Industry 2020 report

(4) Based on Turkish Statistical Institute's 2019 R&D data

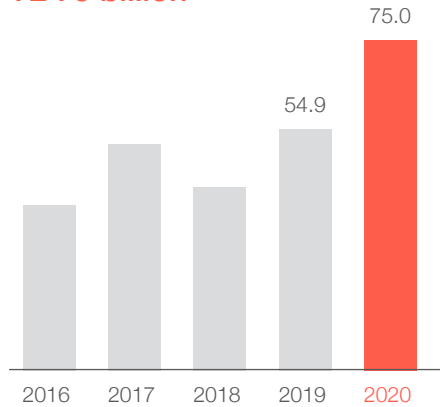
(5) Turkish Exporters' Assembly 2020 report

All numbers refer to combined figures.

## Sustainable and Strong Performance

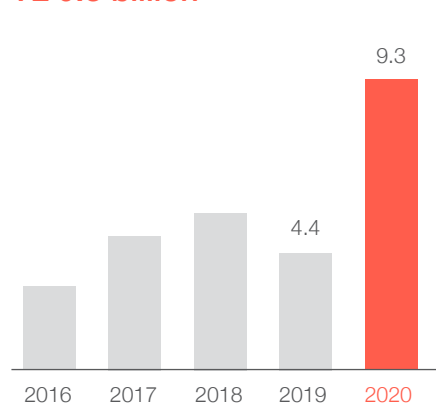
### Net Asset Value<sup>1</sup> (TL billion)

**TL 75 billion<sup>2</sup>**



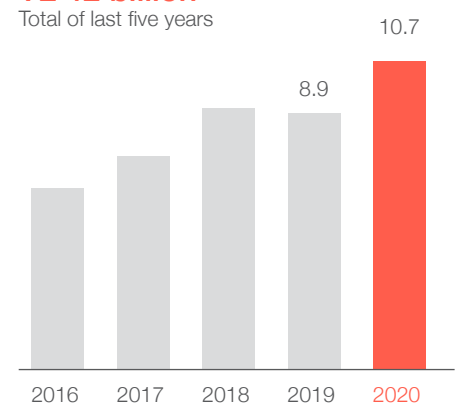
### Net Profit<sup>3</sup> (Consolidated-TL billion)

**TL 9.3 billion**



### Investments (Combined-TL billion)

**TL 42 billion**



### Summary Financial Information

| (Consolidated - TL million)                       | 2019    | 2020 <sup>4</sup> | Change      |
|---|---------|-------------------|-------------|
| Revenues  | 153,516 | 183,777           | 20%         |
| Operating Profit                                  | 10,374  | 16,832            | 62%         |
| Profit Before Tax                                 | 5,547   | 13,840            | 149%        |
| Net Profit <sup>3</sup>                           | 4,391   | 9,273             | 111%        |
| Earnings per share (Kır)                          | 1.732   | 3.657             | 111%        |
| Total Assets                                      | 151,344 | 630,101           | 316%        |
| Total Equity                                      | 49,652  | 88,071            | 77%         |
| Equity attributed to equity holders of the parent | 36,282  | 46,342            | 28%         |
| Operating Profit / Revenues                       | 6.8%    | 9.2%              | 2.4 points  |
| Return on Equity                                  | 13.8%   | 25.0%             | 11.2 points |
| Operating Profit / Total Assets                   | 6.9%    | 2.7%              | -4.2 points |
| Current Ratio                                     | 1.4     | 0.8               | -0.6        |
| Total Liabilities / Total Equity                  | 2.0     | 6.2               | 4.1         |

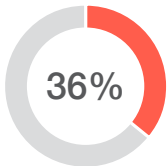
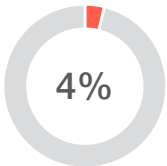
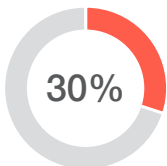
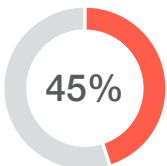
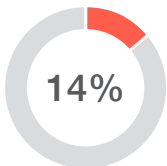
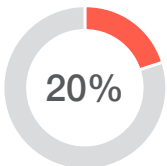
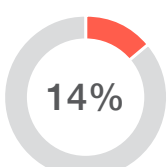
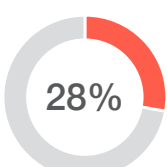
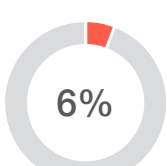
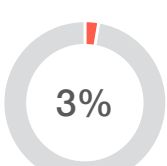
(1) Indicates the sum of shares that belong to Koç Holding from the market capitalization of listed companies, the intrinsic value of unlisted companies and Koç Holding's net cash and other assets. Listed companies have approximately 85% share within net asset value.

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

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

(4) Yapı Kredi Bank, which has been accounted for using the equity method before the purchase of additional shares in February 2020, became a subsidiary and accounted for using the full consolidation method after the purchase transaction.

## Koç Holding and the Koç Group at a Glance

| Sectors                 | Share in Combined Revenues  | Share in Combined Operating Profit <sup>1</sup>                                       |
|-------------------------|---|---|
| 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 <sup>2</sup> / Sectors                            | International Partners                 | Domestic Market Positions |
|---|--|---------------------------|
| Tüpraş / Refinery   |  | Leader                    |
| Aygaz / LPG Distribution                                    |  | Leader                    |
| Opet / Fuel Distribution                                    |  | 2 <sup>nd</sup>           |
| Entek / Power Generation                                    |  |                           |
| Ford Otosan / Automotive                                    | Ford Motor Company <sup>3</sup>        | 3 <sup>rd</sup>           |
| Tofaş / Automotive  | Fiat Chrysler Automobiles <sup>4</sup> | 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 <sup>rd</sup> 5         |
| Koçfinans / Consumer Finance                                |  | 4 <sup>th</sup> 6         |
| Tat Gıda / Food   | Kagome, Sumitomo                       | Leader <sup>7</sup>       |
| Koçtaş / DIY Retailing                                      | Kingfisher                             | Leader                    |
| Setur / Tourism   |  |                           |
| Setur Marinas / Marina Operations                           |  | Leader                    |
| Divan / Tourism   |  |                           |
| Zer / Centralized Purchasing Services                       |  |                           |
| KoçSistem / Information Technologies                        |  |                           |

(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 total assets

(7) Based on revenue share in tomato products, ketchup and canned pickles categories

## Ordinary General Assembly Meeting Agenda

1. Opening and election of the Chairman of the Meeting
2. Presentation for discussion and approval of the Annual Report of the Company prepared by the Board of Directors for the year 2020
3. Presentation of the summary of the Independent Auditor's Report for the year 2020
4. Presentation for discussion and approval of the Financial Statements of the Company for the year 2020
5. Release of each member of the Board of Directors from liability for the Company's activities for the year 2020
6. Approval, approval with amendment, or rejection of the Board of Directors' proposal on the distribution of profits for the year 2020 and the distribution date
7. Approval, approval with amendment, or rejection of the Board of Directors' proposal on the amendment of Article 6 of the Articles of Association of the Company "Capital"
8. Resolution of 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
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
10. Resolution of 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. Approval of the Donations and Sponsorship Policy adopted by the Board of Directors, presentation to the shareholders of the donations made by the Company in 2020, and decision on an upper limit for donations for the year 2021
13. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2020 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 2020 pursuant to the Corporate Governance Communique of the Capital Markets Board
15. Wishes and Opinions



# 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 2020 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 (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 15 February 2021 on the full set consolidated financial statements for the 1 January - 31 December 2020 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.

Halûk Yalçın, SMMM  
Partner

İstanbul, 11 March 2021

## Honorary Chairman's Message



We, as the Koç Group, competently managed all of the risks posed by the pandemic in our business.

Esteemed Shareholders,

I would like to take this opportunity to thank you for participating in our 57<sup>th</sup> Annual General Meeting, and to extend my warmest greetings and respect.

In 2020, the main agenda item for the entire world was the COVID-19 outbreak. The pandemic has shaken not only health systems but also economic and social structures across the globe. It has cost millions of lives while bringing about the most severe contraction seen in the world economy since the Second World War.

According to the IMF, the world economy looks set to have contracted by 3.5% in 2020. While the Eurozone and the USA are estimated to have recorded contractions of 7.2% and 3.4%, respectively, the estimated 2.3% growth in China -whose economy has recovered from the pandemic very quickly- is expected to limit the overall economic contraction in developing countries to 2.4%.

The Western world reacted hesitantly and ineffectively to the news of the outbreak from China in early 2020, and was therefore harder hit when the virus struck in the second half of February. What amazed us all was the lack of capacity in the health systems in the most developed countries in terms of tackling the pandemic. Governments were panicked by the growing numbers of patients and deaths, and in many countries sought to slow the spread of the virus by implementing tough lockdown measures. This strategy helped bring the outbreak under control starting in May, but inflicted severe damage on national economies.

Criticized for their late and inadequate measures in previous crises, governments sought to mitigate the negative economic effects of the pandemic with swift and decisive actions. Governments and central banks announced massive fiscal and monetary support packages in almost every country, especially in developed countries, in a bid to breathe life back into economies which had ground to a halt due to the measures taken to combat the virus. As a result, budget deficits and public debt skyrocketed around the world. Meanwhile, central banks also implemented unprecedented monetary expansion programs. As a result, the balance sheets of the Federal Reserve, the European Central Bank and the Bank of Japan have expanded by about USD 7 trillion in total. As the spread of pandemic slowed down in summer and the restrictions were lifted gradually, the various fiscal and monetary stimulus packages paved the way for a faster than expected recovery in the world economy in the second half of 2020. However, in many countries which had been lulled into a sense that the pandemic had eased, a much stronger second wave emerged in October. Governments were left with little choice other than to bring back lockdown measures in the final weeks of 2020. At last, however, the success of the vaccine development efforts in late 2020 and the start of the vaccination process in many countries around the world has offered a glimmer of hope.

We have seen politicians and governments pay a heavy political price in countries which were unprepared for the pandemic or managed their response poorly. The most striking example was Donald Trump, who probably lost the presidential elections held on 3 November in the USA for this reason. On the other hand, many Southeast Asian countries, especially China, which managed the pandemic much more successfully both in terms of tackling the virus and also in supporting their economies, positively decoupled from the rest of the world. Many experts reflect that the eastward shift in the global economic and political center of gravity has gained momentum with COVID-19. In other words, while the Western world suffered social, political and economic damage during the pandemic, the Asia-Pacific region - especially China - stands out as the winner of this period. The Regional Comprehensive Economic Partnership (RCEP), which was signed towards the end of 2020 and covers 15 Asia-Pacific countries including China, Japan and South Korea, indicates that the weight of this region in the world economy may increase still further in the coming period.

2020 was a very difficult year for the Turkish economy. The adverse economic effects of the pandemic and the continuing challenges to confidence in the economy and the Turkish lira, have led to volatility for most of the year, especially in the financial markets. On the other hand, credit impulse led by state-owned banks in summer 2020, on the back of low interest rates, facilitated access to liquidity for consumers and companies, leading to a significant revival in domestic demand and production in July. Turkey's economy entered 2021 with greater optimism, following the positive reaction of the markets to the changes in the economic administration at the beginning of November.

I am proud of the way we, the Koç Group, managed all of the risks posed by the pandemic in our business. Thanks to the leadership of our management team, our strong balance sheet, our balanced portfolio

structure, our international revenues and our effective risk management policies, we have been able to navigate our way through the storm. With TL 11 billion of combined investments in 2020, our total investments reached TL 42 billion over the last five years, underlining our commitment to our country and our trust and faith in it. We have demonstrated very clearly our dedication to our code of "I live and prosper with my country", to all our stakeholders.

On this occasion, I would like to pay my respect to Suna Kırac, who we so sadly lost on 15 September 2020. She was a hugely impressive business person who devoted herself to the education of her country's youth, declaring that "Economic difficulties will be overcome, political crises will be resolved, but it is not possible to restore a society whose children have been wasted". She will always be remembered for her pioneering spirit and lasting legacy.

Esteemed Shareholders,

We have achieved these results with the help of the valued support and trust that you have always given us, and for which we are very grateful. We have continued to add value to our country's economy, and will maintain this contribution in the years ahead.

Finally, I would like to extend my heartfelt thanks to our shareholders, customers, dealers, suppliers, business partners, unions, executives and employees, and I sincerely hope that 2021 will be an auspicious year for our country.



**Rahmi M. Koç**  
Honorary Chairman

## Chairman's Statement



The Koç Group never deviates from its long-term strategic focus, while managing risks and taking advantage of the opportunities before it, by reaching decisions in accordance with ever-changing conditions.



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

The pandemic, which not even the most reputable international organizations have been able to accurately estimate in their global risk assessments to date, descended like a nightmare upon all of humanity in 2020. In this extraordinary and unprecedented period, humane fears have overshadowed all other concerns. In an environment brimming with uncertainty, there has been considerable difficulty reaching important individual and professional decisions.

The news of the vaccine, coming in the last weeks of the year thanks to the cross-border cooperation of scientists, has brought us a glimmer of hope as we enter 2021. This period also proved that globalization, when focuses on humanity, can offer us a happier future. We hope that the same spirit of cooperation can be demonstrated in the rational and fair distribution of vaccines, to prevent further delay to the process of global healing and recovery.

The Koç Group has stood united in its aim to best serve our country during this difficult period. With our rapidly implemented social support projects, the support for our employees and our business partners, and our sensible communication, we have been held up as an example in our country's efforts to tackle the pandemic. In 2020, when international thought platforms proposed a model of capitalism which would take all social stakeholders into account, we proved once again that this approach stands at the heart of our corporate culture.

Thanks to the strict measures we have taken by declaring "people first", we were able to manage our business to sustain value creation. Our balance

sheet discipline, which we have made a part of our business culture with a prudent management approach, our extremely healthy leverage ratio and our cash-generation capacity have created the financial room for maneuver in an environment dominated by uncertainty. Thus, despite the myriad of difficulties, we leave behind 2020 with a clutch of achievements which are reflected in our Group's financial results.

In this difficult period, we have experienced the pleasure of benefiting from the fruits of our hard work to establish a culture which embraces change. The digital transformation, agile management, zero-based budgeting, data-driven action taking capacity achieved through our innovation and entrepreneurial projects, the ability to move swiftly, financial flexibility and innovative perspective - which are the main initiatives of our cultural transformation program - have contributed greatly to our management decisions during the pandemic. We will press ahead with our cultural transformation program with the same excitement we had on our first day and yet with the confidence we have in the present, and further develop our competencies.

The Koç Group never deviates from its long-term strategic focus, while managing risks and taking advantage of the opportunities before it, by reaching decisions in accordance with ever-changing conditions. The steps we announced at the end of a year which will be remembered for uncertainty were the latest manifestations of our determination to prepare our companies for the future vigilantly and with the right investments. Ford Otosan, which is responsible for producing Ford's first fully electric commercial vehicle, the E-Transit, will be the first and only integrated electric vehicle production facility in Turkey with

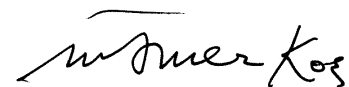
the establishment of a battery assembly plant. Arçelik's partnership with Hitachi will operate with privileged access to the Asia-Pacific market, which is integrated with the world's largest trade agreement.

We are delighted to have been recognized as the most reputable brand of our country in 2020 as well. In particular, I would like to emphasize that the most important element of our reputation is how we are perceived by our young people, who represent our future. At the Koç Group, we will do our best to become a "reliable stakeholder" which nurtures their hopes and empowers them to realize their ideals. This motivation is also behind our road map which we have set out within the framework of our sustainability strategy which we announced by declaring "Lead. Together", in 2020.

Sadly, we lost Suna Kırış who greatly contributed to progressive education in Turkey. She will always be remembered with gratitude for her indefatigable efforts and impressive achievements in the field.

I would like to express my most sincere gratitude to our shareholders, customers, dealers, business partners, unions, executives and colleagues who have always provided us with strength on our journey, ensuring the sustainability of our success and always driving us forward towards ever better achievements in all of these years.

Sincerely,



**Ömer M. Koç**

Chairman of the Board of Directors

## Board of Directors Report

### Dear shareholders,

Welcome to Koç Holding's 57<sup>th</sup> Annual General Meeting.

We hereby present Koç Holding's 2020 Annual Report for your evaluation.

The first section of the report provides general information about Koç Holding, its strategies and operations in 2020, while the rest of the section sets out the developments in its core business segments. The second part of the report contains externally audited consolidated financial statements and accompanying notes, as of the 31<sup>st</sup> of December 2020 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 CMB<sup>1</sup>.

### Dear shareholders,

On behalf of Koç Holding's Board of Directors, I would now like to share our main assessments for 2020.

### Economic Developments

The COVID-19 pandemic dominated the global economic agenda in 2020. The wave of restrictions, which put life on hold in many countries around the world, especially in March, April and May, precipitated a sharp plunge in economic activity. Although economies gradually recovered in the second half of the year, the world economy shrank by 3.5% in 2020 according to the latest IMF estimates, which turned out to be the worst performance since the Second World War. Scrambling to limit the economic and social fallout of the COVID-19 shock, governments and central banks took quick and far-reaching steps to mitigate the magnitude of the economic shock, having learnt the lessons of previous crises.

2020 was, without doubt, a challenging year for Turkey. Having got off to a very good start to the year before the COVID-19 outbreak, the Turkish economy contracted by 10.3% in the second quarter of the year due to the pandemic. The strong momentum in lending, initiated simultaneously with the reopening of the economy in June, supported domestic demand, particularly in the housing and automotive sectors, during the summer months. Turkey's economy grew by 6.7% in the third quarter and 5.9% in the last quarter of the year, carrying 2020 growth to 1.8%. Meanwhile, as the negative repercussions of the surge in domestic demand in the summer on inflation and the balance of payments became more pronounced in the final quarter of the year, the Central Bank raised its policy rate by 625 basis points in November and December to 17%.

*(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.*

### Efforts to Mitigate the Coronavirus Pandemic

The Koç Group responded to the pandemic in two main strategic axes, one being mitigating the social impact and the other being the management of businesses. At the beginning of the process, a crisis management center was established in Koç Holding, and the main principles to be applied throughout the Group were determined, with health and safety being the top priority. Thanks to its agile working structure and digital transformation, a rapid transition to working from home was achieved. Additionally, production was suspended in some companies depending on the developments in their sectors. During this period, customer service was maintained with an increased focus on digital channels and e-commerce.

The Koç Group was mobilized with all its companies during the pandemic period. While continuing its businesses to serve for its customers on the one hand, it rapidly configured its factories to produce health equipment to serve for the society on the other. In these toughest days in the fight against the coronavirus, these steps taken towards the recovery of our country and society have also resonated around the world. The World Economic Forum (WEF) has cited Koç Holding as a good example for the world in the fight against Coronavirus.

In the management of the businesses, maintaining a healthy balance sheet has been the top priority. Significant savings were achieved through loan refinancings

with the reduction in interest rates and additional liquidity was obtained. Expectations for the end of 2020 were reviewed constantly throughout the year with the changing macroeconomic conditions under the impact of the pandemic.

### 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 6.4% of Turkey's GDP and our exports account for 6.7% of Turkey's total exports. As of 31<sup>st</sup> of December 2020, Koç Holding and our publicly traded companies at Borsa İstanbul 100 index (BIST 100) accounted for 19.4% 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.

Koç Holding adds value to its Group companies with the confidence and high prestige 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 maintained its strong financial position in 2020 thanks to its balanced portfolio structure, strong liquidity and effective risk management.

In 2020, Koç Holding's combined revenues reached to TL 324,898 million<sup>1</sup>. In the same period, its combined operating profit<sup>2</sup> increased by 20% to TL 22,151 million, while its net consolidated profit<sup>3</sup> stood at TL 9,273 million indicating an increase of 111%.

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 has carried out TL 42 billion of combined investments over the last 5 years, including the TL 10.7 billion undertaken in 2020. The highest amount of investments were made in the automotive sector, followed by the energy and consumer durables sectors.

R&D, innovation, technology and digital transformation remained among our main focus areas. Investing nearly TL 2.1 billion in R&D in 2020, the Koç Group accounted for approximately 7% of the total private sector R&D investments undertaken in Turkey<sup>4</sup>.

The Koç Group's international revenues stood at USD 14 billion, supported in particular by our automotive and consumer durables companies, contributing 31% to the Group's total combined revenues. Foreign currency and foreign currency linked revenues, including Tüpraş, made up around 46% of our total combined revenues.

(1) Koç Holding's total consolidated revenues amounted to TL 183,777 million as a result of the deduction of TL 10,964 million, due to the elimination and other adjustments made for consolidation purposes pursuant to international accounting standards, and of TL 130,156 million, due to valuation of joint ventures at equity basis, made from Koç Holding's combined revenues for 2020.

(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 Turkish Statistical Institute's 2019 R&D data

## Board of Directors Report

### Energy

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

Our energy companies' combined operating profit decreased by 80% annually to TL 984 million while their consolidated net loss was TL 956 million.

Due to declining global demand, Tüpraş recorded an 82% capacity utilization rate with an optimal charge of 24.6 million tons, including crude oil and semi-finished products, and produced 23.4 million tons of products. The high value-added white product yield stood at 81.5%, 2.5 percentage points higher than in 2019. In 2020, with 19.8 million tons of domestic sales, most of the country's demand was met, while a total of 24.5 million tons of sales volume was achieved.

Aygaz sold over 2 million tons of LPG in 2020. Maintaining its leadership in the sector in LPG, with more than 1,700 licensed autogas stations, the Company maintained its leading position in autogas segment as well.

Within the scope of the work carried out to establish a joint venture with United Enterprises, one of the largest companies in Bangladesh, to supply, fill and distribute LPG in the country, the transfer of 50% of United LPG Ltd. shares to Aygaz was completed in January 2021.

Opet maintained its position as the number two player in white and black products. Aiming to be the first choice for the consumer in the sector with its "Perfect

Service Approach", Opet implements new projects in many fields in order to achieve this goal.

The steam turbine, which was removed from the license last year at Entek, was re-licensed and the Company's installed power generation capacity increased to 377 MW. With the goal of becoming an integrated and leading energy market player, Entek prioritizes resource diversity and renewable energy investments.

### Automotive

Through its automotive companies, the Koç Group accounted for 45% of Turkey's total automotive production and 41% of its automotive exports. TürkTraktör realized 86% of Turkey's total tractor exports and 68% of total production in Turkey, while preserving its leading position in the domestic market for the 14<sup>th</sup> consecutive year.

The combined operating profit of our automotive companies surged by 63% annually to reach TL 10.000 million and their consolidated net profit reached TL 3,607 million, indicating an increase of 109%.

Ford Otosan strengthened its leadership position in the domestic commercial vehicle market in 2020. Ford Otosan, which realizes 79% of Turkey's commercial vehicle exports, became Turkey's leading exporter for the 6<sup>th</sup> consecutive year. The Ford brand's leadership in the European commercial vehicle market continued throughout 2020. Ford Otosan has played an important role in this success, producing 85% of the vehicles in the Transit range sold in Europe.

The incentive application submitted within the scope of the preliminary studies carried out for the proposed product diversification and expansion investments at the Kocaeli Plants related to the "New Generation Commercial Vehicle" projects, of which the feasibility and contract processes are still continuing, was approved and the issuance of "Project-Based State Aid" for these investments was approved by Presidential Decree. In this context, a total of TL 20.5 billion is envisaged to be spent by mid-2026, with the employment of an additional 3,000 workers, an increase in production capacity from 440,000 to 650,000 units per year and the establishment of a 130,000-unit battery assembly plant.

Tofaş continued to lead the Turkish automotive market in 2020. The Egea Sedan remained Turkey's most popular car for a fifth year running. Other members of the Egea series, the Hatchback and Station Wagon, also become the best-selling models in their categories. Tofaş accounted for 13% of Turkey's total automotive exports with a total of 118,000 vehicles sold.

The Egea family, consisting of Sedan, Hatchback and Station Wagon, has been renewed in a USD 225 million investment with the Cross model being the latest addition to the series. Production and export of the renewed series of models began at the end of the year.

TürkTraktör started production of domestic backhoe loaders following an additional investment in the Ankara factory.



The Company used the AGV (Automated Guided Vehicle) system in a construction machine production line for the first time in Turkey.

Intensive R&D activities have been carried out in product development and the implementation of new technologies in 2020. In conclusion of the completed work, three new models were introduced and brought to customers. Additionally, engines with Tier 5 emission levels were developed by TürkTraktör for the first time in Turkey.

Focusing on the deliveries of existing armored vehicle orders in the defense industry, Otokar increased the share of defense industry exports in total exports in 2020. In addition, the Company was the most popular bus brand in Turkey for the twelfth consecutive year in the segments in which it operates. As part of its R&D activities, Otokar has developed a groundbreaking “safe bus” which reduces the risk of contamination from COVID-19 and is equipped with four different systems. The Company, which conducts research in the field of alternative fuel products, introduced its electric 12-meter city bus in to domestic market. Otokar won the bus tender held by the İzmir Metropolitan Municipality in what was the biggest tender of the year in Turkey, while abroad it received orders from Georgia and Malta as well as two countries in Africa.

In 2020, Otokoç Otomotiv maintained its leadership position among corporate brands in second hand vehicles. The Company, the largest licensee of the Avis Budget Group (ABG) in the world, maintained its leadership in the car rental market. With the contribution of its services in 8 countries abroad, the share of international operations in its total EBITDA stood at 34%.

### 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 maintained its number two position in the overall white goods market in the European region, including Turkey, with its global brand Beko, and its market leadership with its brands Arctic in Romania, Defy in South Africa and Dawlance in Pakistan. Arçelik-LG, meanwhile, is the leader in the Turkish air conditioning market.

The combined operating profit of our consumer durables companies increased by 83% to TL 4,351 million while consolidated net profit rose by 162% to TL 1,124 million.

Arçelik presses ahead with its investments in parallel with its growth strategy in Asia. A contract was signed with Hitachi Global Life Solutions (Hitachi GLS) to form a partnership in which Arçelik A.Ş. will control a majority stake in the global home appliance market outside the Japanese market. Arçelik will hold a 60% stake in the new company while Hitachi GLS will hold a 40% share. Combining Arçelik's global competence with Hitachi GLS's regional and brand power, the new company will bring Hitachi branded products to consumers in all countries of the world, except Japan. The new company, which will carry out production and marketing activities with the Hitachi brand from two production facilities in China and Thailand, and with sales companies in 10 countries, is aimed at strengthening Arçelik's global growth and becoming the leading player in the Asia Pacific region.

While maintaining its leadership in the domestic air conditioning market, Arçelik-LG exported approximately 45% of the air conditioning units it produced.

Bilkom maintained its strong position in the electronic retail industry. As of the end of 2020, one in every four smartphones sold in the electronic retail shops, one in every five tablets in the tablet category and one in every three smart watches in the wearable technology category were Bilkom products.

### Finance

Yapı Kredi, the Koç Group's flagship company in finance, is the 3<sup>rd</sup> largest private bank with TL 486 billion of total assets. The Bank maintains its 32-year leadership position in credit cards among all banks.

The combined operating profit of our finance segment increased by 37% annually to TL 6,269 million while the consolidated net profit rose by 53% to TL 2,063 million.

Yapı Kredi continued to diversify its funding sources and obtained USD 2 billion through products such as syndication, securitization and bond issuances. In addition, the bank signed two successful syndicated loan agreements in the amount of USD 970 million with the participation of 38 institutions from 18 countries in May, and in the amount USD 855 million with the participation of 39 institutions from 21 countries in November. These transactions confirmed the financial strength and strong reputation of both the Turkish banking sector and Yapı Kredi.

Koçfinans maintained its pioneering position in the sector with innovative business models compatible with changing market dynamics. At the end of 2020, the Company's portfolio stood at TL 2.9 billion with 40,000 customers and TL 3.3 billion in assets.

## Board of Directors Report

### 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 profit of our other sectors increased by 37% annually to TL 546 million, while its consolidated net profit reached TL 3,434 million<sup>1</sup>.

As part of its long-term business plans, Tat Gıda, which operates in the food sector, decided to focus on its tomato paste and canned products business line, which is its main field of activity and accounts for a higher share of its total profitability. In this context, an asset sale agreement was signed for the transfer of all assets in the milk and dairy products business.

Koçtaş maintained its leadership position in the Do It Yourself sector in 2020 with its digital channels and 140 stores, 100 of which are Koçtaş Fix stores.

Setur, which operates in the tourism sector, maintained its leading position in the corporate segment. Setur Marinas, whose innovative approaches are closely followed by other marina businesses, maintained its leadership position in Turkey with 10 marinas. Divan Group opened 34 new “In Bakery by Divan” outlets within the scope of the Ultramarket project developed with Opet, two new Divan cafes in İzmir and İstanbul and a Pizza Pazzi by Divan and Maromi by Divan in Kalamış Marina.

Our central purchasing company, Zer, has worked to provide solutions which will move the purchasing sector forward in 2020 and ensure the continuity of the vast ecosystem of business partners and suppliers. For this purpose, it has developed its existing digital activities.

Our IT company, KoçSistem, provided IT services and innovative digital transformation projects to more than 100 new customers as well as its existing customers. KoçDigital, a 100% affiliate of KoçSistem, has seen more than 100 students graduate from the KoçDigital Academy, which it established with the mission of raising human resources specialized in the field of analytics.

In addition to maintaining market leadership in the cash register POS segment, Token has expanded its field of activity by commissioning new products and services.

### Employment and Relations with Trade Unions

The total number of employees working in Koç Holding, its subsidiaries and business partnerships stood at 100,641 as of the end of 2020. The consumer durables sector accounted for the highest level of employment, with a 38% share in the total. It was followed by the automotive and finance sectors, which accounted for 27% and 17% of the total number of employees, respectively.

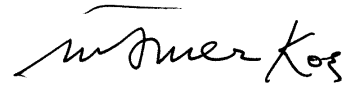
Collective bargaining agreements were signed in three of our companies during 2020 and good workplace relations were maintained in terms of employment and union relations.

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.

In 2021, the Koç Group will continue to operate with the objective of achieving profitable and sustainable growth. 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**

Chairman of the Board of Directors

*(1) Including one-off gain of TL 3,380 million resulting from the transactions regarding bargain purchase and change of control at Yapı Kredi Bank.*







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

### Opinion<sup>1</sup>

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 statement of balance sheet as of 31 December 2020 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 2020, 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 155.*

## Consolidated Balance Sheet

| (TL thousand)                | 2019        | 2020 <sup>1</sup> |
|------------------------------|-------------|-------------------|
| Total Currents Assets        | 82,228,762  | 341,574,474       |
| Total Non-Currents Assets    | 69,114,826  | 288,526,070       |
| Total Assets                 | 151,343,588 | 630,100,544       |
| Total Short Term Liabilities | 59,026,121  | 414,492,964       |
| Total Long Term Liabilities  | 42,665,432  | 127,536,528       |
| Total Liabilities            | 101,691,553 | 542,029,492       |
| Total Equity                 | 49,652,035  | 88,071,052        |
| Total Liabilities & Equity   | 151,343,588 | 630,100,544       |

## Consolidated Income Statement

| (TL thousand)                | 2019         | 2020 <sup>1</sup> |
|------------------------------|--------------|-------------------|
| Total Revenue                | 153,516,007  | 183,777,276       |
| Total Costs                  | -131,931,248 | -139,446,382      |
| Gross Profit                 | 21,584,759   | 44,330,894        |
| Operating Profit             | 10,373,674   | 16,831,917        |
| Profit Before Tax            | 5,547,223    | 13,839,802        |
| Tax Income / (Expense)       | 374,061      | -1,206,505        |
| Profit for the Period        | 5,921,284    | 12,633,297        |
| Equity Holders of the Parent | 4,391,159    | 9,272,570         |
| Earnings Per Share (Kr)      | 1.732        | 3.657             |

(1) Yapı Kredi Bank, which has been accounted for using the equity method before the purchase of additional shares in February 2020, became a subsidiary and accounted for using the full consolidation method after the purchase transaction.

## 2020 Board of Directors



**Rahmi M. Koç**  
Honorary Chairman



**Ömer M. Koç**  
Chairman



**Ali Y. Koç**  
Vice Chairman



**Semahat S. Arsel**  
Member



**Caroline N. Koç**  
Member



**İpek Kırac**  
Member

- For the CVs of the BoD members, see pages 144-147.
- 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 280.
- The key management of Koç Holding is identified as the Chairman and of the Board of Directors and the CEO and Presidents. Information on total key management compensation incurred by Koç Holding in 2020 is available in note 31 of the financial tables (see page 247).



**Levent Çakiroğlu**  
Member



**Jacques A. Nasser**  
Independent Member



**Anne Lauvergeon**  
Independent Member



**Emily K. Rafferty**  
Independent Member



**Dr. Cem M. Kozlu**  
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 1/10<sup>th</sup> 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 2020 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 9,272,570,000.00 is determined as the distributable dividend base and TL 9,288,529,971.00 is determined as first category dividend base after addition of donations made amounting to TL 15,959,971.00 to distributable dividend base. Meanwhile, the distributable profit in

the statutory financial statements amounts to TL 2,871,817,101.57.

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

- TL 464,426,498.55 as first category dividend to shareholders,
- TL 12,000,000.00 to Koç Holding Pension and Assistance Foundation as per article 19/c of our Articles of Association
- TL 274,373,252.93 to holders of usufruct certificates as per article 19/d of our Articles of Association,
- TL 1,019,073,860.70 as second category dividend to shareholders,

- iii. The sum of first category dividend and second category dividend amounting to TL 1,483,500,359.25 is proposed to be paid in cash;

- iv. Dividend payments of TL 1,483,500,359.25, TL 274,373,252.93 payment allocated to usufruct shareholders and TL 12,000,000.00 payment allocated to the Koç Holding Foundation for Pensions

and Assistance, amounting to a total of TL 1,769,873,612.18 will be paid in cash and sourced from current year taxable earnings in both TFRS and statutory financial statements.

- v. 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 0.5850 for shares with a nominal value of TL 1 (58.50%) and, to the rest of our shareholders as gross TL 0.5850 (TL 0.49725 net) for shares with a nominal value of TL 1 (gross: 58.50%; net: 49.725%).
- vi. The remaining which is left after payments of dividend to shareholders and allocations for usufruct certificate holders and Koç Holding Foundation for Pensions and Assistance, amounting to TL 1,101,943,489.39 in the statutory records and TL 7,502,696,387.82 in TFRS financial statements, is transferred to retained earnings.
- vii. Profit distribution date is determined as 14 April 2021.



## Dividend Distribution Table

### Koç Holding A.Ş. Profit Distribution Proposal for 2020 (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: None |                              |                          |
|  | As per Capital Markets Board | As per Statutory Records |
| 3. Profit for the period   | 13,839,802,000.00            | 2,962,181,246.28         |
| 4. Taxes (-)   | 1,206,505,000.00             | 90,364,144.71            |
| <b>5. NET PROFIT (=)</b>   | <b>9,272,570,000.00</b>      | <b>2,871,817,101.57</b>  |
| 6. Prior years' losses (-)   | -                            | -                        |
| 7. Legal reserve fund (-)  | -                            | -                        |
| <b>8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)</b>  | <b>9,272,570,000.00</b>      | <b>2,871,817,101.57</b>  |
| Dividend Advance Distributed (-)   | -                            | -                        |
| Dividend Advance Less Net Distributable Current Period Profit  | 9,272,570,000.00             | 2,871,817,101.57         |
| 9. Grants made during the year (+)   | 15,959,971.00                | -                        |
| <b>10. NET DISTRIBUTABLE PROFIT INCLUDING GRANTS</b>   | <b>9,288,529,971.00</b>      | <b>2,871,817,101.57</b>  |
| <b>11. FIRST CATEGORY DIVIDEND TO SHAREHOLDERS</b>   |                              |                          |
| - Cash   | 464,426,498.55               | 126,794,902.50           |
| - Shares   | -                            | -                        |
| <b>- Total</b>   | <b>464,426,498.55</b>        | <b>126,794,902.50</b>    |
| 12. Dividends distributed to preferred shareholders  | -                            | -                        |
| <b>13. OTHER DIVIDENDS DISTRIBUTED</b>   | <b>12,000,000.00</b>         | <b>12,000,000.00</b>     |
| - Members of the Board of Directors  | -                            | -                        |
| - Employees (Koç Holding Pension and Assistance Foundation)  | 12,000,000.00                | 12,000,000.00            |
| - Non-shareholders   | -                            | -                        |
| <b>14. DIVIDENDS DISTRIBUTED TO HOLDERS OF USUFRUCT RIGHT CERTIFICATES</b>   | <b>274,373,252.93</b>        | <b>274,373,252.93</b>    |
| <b>15. SECOND CATEGORY DIVIDEND TO SHAREHOLDERS</b>  | <b>1,019,073,860.70</b>      | <b>1,356,705,456.75</b>  |
| 16. Legal reserve fund   | -                            | -                        |
| 17. Status reserves  | -                            | -                        |
| 18. Special reserves   | -                            | -                        |
| <b>19. EXTRAORDINARY RESERVES</b>  | <b>7,502,696,387.82</b>      | <b>1,101,943,489.39</b>  |
| Other sources planned for distribution   | -                            | -                        |
| - Prior years' income  | -                            | -                        |
| 20. - Extraordinary reserves   | -                            | -                        |
| - Other distributable reserves as per the legislation and Articles of Association  | -                            | -                        |

### Koç Holding A.Ş. Information on Dividend per Share for 2020

| 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            | 397,082,452.05          | 0.00        | 4.28  | 0.58500                                   | 58.50000        |
| <b>NET B</b> | <b>964,134,560.04</b>   | <b>0.00</b> | <b>10.40</b>  | <b>0.49725</b>                            | <b>49.72500</b> |
| <b>TOTAL</b> | <b>1,361,217,012.09</b> | <b>0.00</b> | <b>14.68</b>  |   |                 |

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.

## Amendments to the Articles of Association

The Board of Directors, in its meeting on 26 January 2021 resolved to obtain the necessary approvals from the Capital Markets Board and the Ministry of Trade for the amendment of Article 6 “Capital” of the Company’s Articles of Association in order to extend the validity period of Company’s upper limit of authorized capital for 5 years and to submit the amendments to the approval of the shareholders at the first General Assembly.

The amendments to the Articles of Association which were approved by Capital Markets Board on 03.02.2021 and by the Ministry of Trade on 12.02.2021, and will be submitted to the approval of our shareholders in agenda item 7 of the general assembly, is as follows.

### PREVIOUS TEXT

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#### Article 6: CAPITAL

The Company has accepted the authorized capital system according to the provisions of the annulled Law no. 2499, and has shifted to authorized capital system with the authorization no. 219, dated 13.7.1984, of the Capital Markets Board.

The authorized capital limit of the Company is TL 5,000,000,000 (five billion Turkish Lira), divided into 500,000,000,000 (five hundred billion) registered shares each with a nominal value of 1 (One) Kuruş.

The authorized capital limit granted by the Capital Markets Board is valid for five years between 2017 and 2021. Even if the authorized capital limit permitted as above has not been reached as of the end of 2021, the Board of Directors must, to be able to take a capital increase decision after 2021, obtain the authorization of the General Assembly of Shareholders for a new term of up to 5 years, with a prior authorization of the Capital Markets Board for the previous upper limit or for a new upper limit amount. In the absence of such authorization the Company will not be able to make a capital increase by a Board resolution.

The issued capital of the Company is TL 2,535,898,050 (two billion five hundred and thirty-five million eight hundred and ninety-eight thousand and fifty Turkish Lira), divided into 67,877,342,230 Group “A” and 185,712,462,770 Group “B” registered shares each with a nominal value of 1 (One) Kuruş.

The issued capital of the Company of TL 2,535,898,050 (two billion five hundred and thirty-five million eight hundred and ninety-eight thousand and fifty Turkish Lira) has been fully paid free of any collusion.

All of Group “A” and Group “B” shares of the Company are registered shares. The shares representing the share capital of the Company are dematerialized in accordance with the dematerialization principles.

The capital of the Company may be reduced or increased if and when required, within the frame of provisions of the Turkish Commercial Code and Capital Markets laws and regulations.

The Board of Directors is authorized to decide to increase the issued capital by issuing new shares up to the upper limit of the authorized capital if and when deemed necessary in accordance with the applicable provisions of the Capital Markets Law, to restrict the rights of the holders of preferential shares, to limit the rights of option of shareholders on newly issued shares, and to issue shares above (with premium) or below the nominal value per share. The power to restrict the preemptive rights on newly issued shares cannot be used in a manner that would cause inequality between shareholders. The pre-emptive rights of shareholders on newly issued shares may be restricted in one or several capital increases; provided, however that, the total sum of capital increases restricting the pre-emptive rights on newly issued shares within the authorization period of 5 (five) years cannot exceed 10% of the issued capital.

In any case, the Board of Directors will issue new Group “A” and Group “B” shares pro rata to the existing shares held by the Group A and Group B shareholders respectively as of the time of capital increase. Shareholders participate in capital increases by subscribing for the shares to be issued in the same group as their existing shares, along with the privileges attached to the related group. Provided, however, the pre-emptive rights not used in Group B will pass to Group A shareholders. Group A Shareholders may use such pre-emptive rights in accordance with the regulations of the Capital Markets Board. Those who subscribe for shares to be issued with a premium in the related capital increase shall be obliged to separately pay to the Company, pursuant to article 519 of the Turkish Commercial Code, the premiums to be determined in addition to the nominal value of shares as of the date of issue.

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## CURRENT TEXT

### Article 6: CAPITAL

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The authorized capital limit granted by the Capital Markets Board is valid for five years between **2021 and 2025**. Even if the authorized capital limit permitted as above has not been reached as of the end of **2025**, the Board of Directors must, to be able to take a capital increase decision after **2025**, obtain the authorization of the General Assembly of Shareholders for a new term of up to 5 years, with a prior authorization of the Capital Markets Board for the previous upper limit or for a new upper limit amount. In the absence of such authorization the Company will not be able to make a capital increase by a Board resolution.

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## 2021 Board of Directors Candidates

**Rahmi M. Koç**

**Ömer M. Koç**

**Ali Y. Koç**

**Semahat S. Arsel**

**Caroline N. Koç**

**İpek Kırar**

**Levent Çakıroğlu**

**Jacques A. Nasser**

**Anne Lauvergeon** (Independent)

**Emily K. Rafferty** (Independent)

**Dr. Cem M. Kozlu** (Independent)

**Peter Martyr** (Independent)

*For Peter Martyr's CV see page 281, for other CVs see pages 144-147.*

## Remuneration Policy

This policy determines the remuneration system for the Board of Directors and key executives<sup>1</sup> within the scope of the definition of persons with managerial responsibility under Capital Markets Board regulations.

A fixed remuneration is determined for all members of the Board of Directors at the General Assembly every year.

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

Board Members can be granted additional payment on top of the fixed amount determined at the General Assembly if they are assigned specific duties in order to support the activities of the Company. This additional amount is determined in consultation with the Nomination and Remuneration Committee.

To the Chairman and members of the Executive Committee which supports the Board in the proper management of the Company in all respects, additional compensation on top of 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 meetings and functions. 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 Board Members by taking into account their tenure between the date of appointment and the date of resignation. Expenses incurred by Board Members while making contributions to the Company (e.g. transportation, telephone, insurance) can be paid by the Company.

The remuneration of senior executives consists of a fixed and performance based component.

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, sector-wide salary policies, the size and long-term targets of the Company and the position of the person.

Bonuses for executives are calculated according to the bonus base, the performance of the Company and the individual performance. A summary of the criteria is as follows:

**Bonus Base:** Bonus bases are updated at the beginning of each year and vary depending on the workload of each executive position. 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 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 improvement over previous years are the principles taken into account.

**Individual Performance:** In determining individual performance, attention is placed on individual and collective goals and key result indicators determined by the senior managers with their own teams and managers. In the measurement of individual performance, the principle of achieving long-term sustainable improvement in areas apart from the financial dimension is observed.

Severance payments may be granted to 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 Board members and key executives during the year are submitted for shareholder approval at the next General Meeting.

(1) The key management of Koç Holding is identified as the Chairman and of the Board of Directors and the CEO and Presidents. Information on total key management compensation incurred by Koç Holding in 2020 is available in note 31 of the financial tables (see page 247).

## CEO's Letter



We made all our stakeholders feel that we were with them in this difficult time and fortunately, we felt the same solidarity from them.

We have left behind that was undoubtedly a very difficult year full of experiences of the like we have never gone through before. The pandemic, which almost no authority could have foreseen at the beginning of the year, had forced sweeping changes into our lifestyles and the way companies do business by the end of the first quarter.

Right from the outset of this process, the Koç Group placed the health of our colleagues, business partners, dealers, suppliers and their families as its utmost priority and took all the necessary decisions in the light of scientific data without hesitation. We made all our stakeholders feel that we were with them in this difficult time and fortunately, we felt the same solidarity from them.

During the same period, we also implemented social projects, which support our society in difficult times when most needed, with the responsibility that befits us. Our actions won praise both in our country and on international platforms.

In an environment of unprecedented uncertainty brought about by the pandemic, we precisely and promptly took steps to underpin the financial health of our companies. As a result of the measures we took to support our liquidity, operations, balance sheet and even our business models, we were able to continue to create added value with our production and services.

Thanks to balance sheet discipline and cash flow management, to which we attach a high importance, we entered this crisis financially prepared as in the past. In addition, during the pandemic, we meticulously managed operational costs and refinanced loans by taking advantage of the declining interest rates, all resulting in significant savings and additional liquidity.

In 2020, our consolidated revenues reached TL 183.8 billion, marking an increase of 20%, while our net profit attributable to the equity holders of the parent share was TL 9.3 billion. Our combined international revenues stood at USD 14 billion. Although Tüpraş was negatively affected by an unprecedented year in the oil markets, which were simultaneously buffeted by supply and demand crises for the first time in history, our profit before tax was TL 13.8 billion with an increase of 149% compared to previous year.

Despite the uncertainties, we raised our investments undertaken over the last 5 years to TL 42 billion with the combined TL 10.7 of investment we carried out in 2020. We also continue our foreign investment activities in line with our global expansion vision.

Koç Group maintains its leadership in R&D, with our companies accounting for about 7% of all R&D spending in the Turkish private sector. We are strengthening our competitiveness with R&D expenditure of TL 12.4 billion over the last 10 years, of which TL 2.1 billion was spent in 2020.

Our cultural transformation journey, which lies at the core of our programs such as digital transformation, innovation, corporate entrepreneurship, agile management and zero-based budgeting, along with the unique advantages that our foundational values provide, play a major role in the flexibility and resilience which the Koç Group demonstrated under extremely difficult conditions.

We were able to make the right decisions to respond to the new needs that emerged abruptly during the pandemic, thanks to our determination to integrate data-driven decision-making into our business culture, our operational structure shaped by agile management principles, and our capacity for innovation. While managing the risks of this period, we also took advantage of the opportunities.

Our human capital is the subject of our cultural transformation journey. With the pandemic, we became the first Group in our country to work remotely. In the light of the experience we have gained, we will mature and engage our work on flexible working models of the future and accelerate our strategic workforce transformation agenda. In the last 5 years, we have managed to raise our Employee Loyalty score to above the averages of the best companies on the global level. We are proud to be Turkey's number one once again in the Forbes Magazine's "World's Best Employers" list.

Undoubtedly, 2020 has been a year where debates over the "green transformation" have intensified. The Green Deal, which the European Union has placed at the center of its efforts to cope with the climate change, is designed as an economic growth model, which aims to accelerate the digital transformation, establish a competitive advantage and increase employment. We are closely following this agenda, which is a crucial part of our foreign trade. Hence, we joined the CEO Action Group for the

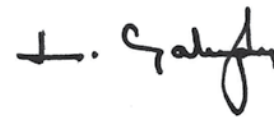
European Green Deal, which was formed within the World Economic Forum (WEF), to which 30 global companies were invited. We signed the Joint Statement of the WEF, which includes the target of "net-zero carbon" by 2050, in line with the Green Deal, which includes our suggestions to protect the interests of our country and our Group. In this context, we started our studies under the title of "Carbon Transition".

Fortunately, the Koç brand, our greatest asset, remained the leading institution this year according to domestic reputation studies conducted by independent organizations. The Koç Group is proud to be the heir to a vision that is ahead of its time, set out by its founder Vehbi Koç with the words, "I live and prosper with my country." Since then, we have adopted the principle of placing our stakeholders' interests at the core of our business, an approach that is now even more pronounced.

Suna Kırac, who we so sadly lost on September 15<sup>th</sup>, left an enduring mark on history with her ideals, achievements and her struggle for life. I remember her with respect and reverence.

On this occasion, I would like to express our sincere thanks to our shareholders, customers, dealers, suppliers, unions and colleagues who have always given us strength with their support in what we have achieved in the past and what we shall achieve in the future.

Respectfully,



**Levent Çakıroğlu**  
CEO



## Executive Management

- 1 **Levent Çakıroğlu**, CEO
- 2 **Özgür Burak Akkol**, Human Resources Director
- 3 **Ahmet Ashaboğlu**, CFO
- 4 **Ufuk Çıplak**, Public Affairs Director
- 5 **Cenk Çimen**, President, Automotive Group
- 6 **Dr. Fatih Kemal Ebiçlioğlu**, President, Consumer Durables Group
- 7 **Yağız Eyüboğlu**, President, Energy Group
- 8 **Tamer Haşimoğlu**, President, Tourism, Food and Retailing Group
- 9 **Oya Ünlü Kızıl**, Corporate Communications and External Affairs Director
- 10 **Ali Tarık Uzun**, President, Audit Group
- 11 **Kenan Yılmaz**, Chief Legal and Compliance Officer



- For the CVs, see pages 148-149
- For information about the 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 280.
- The key management of Koç Holding is identified as the Chairman and of the Board of Directors and the CEO and Presidents. Information on total key management compensation incurred by Koç Holding in 2020 is available in note 31 of the financial tables (see page 247).





## 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 Chairman 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 Chairman 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 Tempra model for the whole world.

## 2000s

### Third Generation Assumes Command

Rahmi M. Koç turns over Chairmanship 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 4<sup>th</sup> 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 Chairman

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

### 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.

## Management of the Pandemic at Koç Group

The Koç Group mobilized itself together with all of its companies to serve our country in the best way possible during the pandemic, in the light of the philosophy “I live and prosper with my country”, in the words of the late Vehbi Koç, the founder of the Group, and with the strength it derives from its corporate culture and values.

The steps taken by the Koç Group to support the recovery of the country and the society during the fight against COVID-19 also resonated around the world. In a statement World Economic Forum emphasized that Koç Group had mobilized its resources to fight against COVID-19 as Turkey's largest company. Koç Holding was held up as a good example to the world in managing the pandemic.

Although the effects of the pandemic began to be felt in Turkey in the second half of March, the Koç Group had by then already started to examine how the pandemic, which broke out in China, would impact its businesses, and had already started to put measures in place. At the beginning of the pandemic, a crisis management center was established at Koç Holding. The main principles to be applied throughout the Group were determined with health and safety being the top priority.

Pandemic management was carried out on two main strategic axes; social response and the business response.

### Social Response

#### Working Order and Employees

For the Koç Group, the health of all its stakeholders and their families, including its employees, business partners, the dealers and suppliers, has been the utmost priority from the very beginning of the pandemic process.

In response to the pandemic, the COVID-19 Working Group was established under the Health Committee. Disease management algorithms and many infection control measures were implemented in approximately 65 meetings throughout the year. All necessary precautions were taken for those employees who continued to go to their place of work. In this respect, measures were taken to eliminate the transmission of the disease, with tests and screenings carried out to detect any positive cases and patient follow-up systems were established. Global data was monitored, and in light of developments and scientific recommendations, measures were constantly updated.

During the pandemic, protecting employment and preventing loss of employee income was also determined as a priority. Long before the government's decision to take measures to prevent layoffs, the determination that all employees should continue their work was laid out and implemented within the framework of the work carried out and the measures taken. This approach and the decision that employees would not lose their jobs was not limited to operations in Turkey, but extended to include operations and Group companies in other countries. Shortfalls in income were compensated so employees benefiting from a short-term working allowance did not lose income.

Thanks to the agile working structure and digital transformation, the practice of working from home was implemented quickly. In some companies, production was suspended. The reasons for production suspensions at plants included disruptions to trade, problems in the supply chain, low fuel demand and the lockdowns imposed in some countries abroad.

| Major Companies with Production Suspension | Duration  | Reason  |
|--|---|---|
| Ford Otosan                                | 23 March - 27 April                               | Disruptions to trade and problems in the supply chain   |
| TürkTraktör                                | 23 March - 20 April                               | Disruptions to trade and problems in the supply chain   |
| Otokar                                     | 25 March - 20 April                               | Disruptions to trade and problems in the supply chain   |
| Arçelik                                    | Pakistan, South Africa, Bangladesh, India, Russia | Largely due to the lockdowns imposed in these countries |
| Tofaş                                      | 3 April - 11 May                                  | Disruptions to trade and problems in the supply chain   |
| Tüpraş                                     | İzmir Refinery:<br>5 May - 30 June                | Disruptions to trade and low fuel demand                |





### Major Social Support Projects

During the pandemic, the Koç Group mobilized its resources with all of its companies. The Koç Group donated a total of TL 20 million to the “Biz Bize Yeteriz Türkiye” (We are self - sufficient Turkey) campaign, organized by the Presidency. Many projects were implemented which have benefited the country's people in this difficult time. At the same time, while serving society, plants were geared to produce health equipment with a rapid transformation.

Many products ranging from ventilators to intubation cabinets, visors and masks were rapidly designed, manufactured and distributed.

With the guidance of the Ministry of Industry and Technology within the scope of the social health mobilization initiated

in Turkey under the leadership of the Ministry of Health, **Arçelik** joined forces with Aselsan and Baykar Technology to mass produce mechanical ventilators developed by Biosys, and mass production got underway in a short space of time with multidisciplinary teams. A total of 2,866 of the 5,000 devices produced after meeting the domestic needs were sent to 20 different countries by the Republic of Turkey. In addition, a total of 59 ventilators were donated by Arçelik to Romania, Uzbekistan, Ukraine, Kazakhstan, Indonesia, Pakistan, Bangladesh, Zambia, Sudan, South Africa and India to support treatment processes in these countries.

This project, in which Arçelik rapidly revealed its agile design and production capabilities, took the fight against COVID-19 to Africa, where medical and technological opportunities are limited,

working with Defy, Arçelik's subsidiary in South Africa. Defy developed a low-cost solution as part of the “Open Ventilator System Initiative”, led by the University of Cambridge, to manufacture the first intensive care ventilator produced on the continent.

In cooperation with suppliers, **Ford Otosan** produced 31,500 visors, 10,000 overalls and 1,370 aerosol cans and delivered the PPE to 110 hospitals.

With the “Oximeter” application designed and developed by Ford Otosan engineers, doctors and nurses could measure and monitor oxygen saturation levels in the bloodstream of patients and monitor their heart rate remotely from their mobile phones or computers without needing to enter the patient rooms.

## Management of the Pandemic at Koç Group



The “Recognition of COVID-19 with Image Analytics” solution, developed by **KoçDigital** in cooperation with the Ministry of Health, enabled the diagnosis of COVID-19 with image analytics using computed tomography data. With this solution, the diagnosis, which differentiates from other community borne bacterial and viral pneumonias, could be carried out using an artificial intelligence algorithm. This way, COVID-19 could be diagnosed with a success rate of 93%.

**Otokar** developed the “Safe Bus” to minimize the threat of COVID-19 transmission city public transportation. The Safe Bus is able to disinfect itself and provide a safe travel opportunity with its photocatalytic system. It can measure the temperature of the passengers on the bus, check that passengers are wearing masks and protect the driver from the risk

of transmission with its new generation driver’s cabin. The “Safe Bus”, in which these four systems were used together for the first time in the world, started to operate in the fleet under the İzmir Metropolitan Municipality for the first time. The buses were given additional features in the face of the COVID-19 threat and later started to operate in Malta for public transportation. The automatic sterilization system was integrated into the 50 buses delivered to Malta. This system, which is automatically activated in the garage after the bus has been on the road, sprays disinfectant to prevent the spread of viruses and bacteria on all interior surfaces of the bus.

**Tofaş** sent protective health equipment, designed at its R&D Center, to health institutions in 70 provinces. In this process, the company produced 50,000 face shields and 1,300 biological sampling and

intubation cabinets. In addition, an online platform was established which collected orders and where production and shipment functions are monitored. Equipment designs were shared on an open-source basis to enable Tofaş’s other companies to support the production of health equipment.

Fiat and BiTaksi, implemented the “Taxi with Screens” project, a first in Turkey, in order to protect public health against the COVID-19 pandemic. The Tofaş R&D Center developed a special isolation system to protect drivers and passengers from the virus.

Implemented by **Tüpraş** in cooperation with the Ministry of National Education, the “Our energy to the future: I Code, I Model, I Produce” social responsibility project was transformed into the “Solidarity and Heart Bridge” during the pandemic. In the first days of the pandemic, 10,000 face shields were produced with 3D printers in the robotic coding classes held with the coordination of 60 volunteer teachers, and they were delivered to the Provincial Health Directorates. In December 2020, this project was awarded the “Together Possible” award at the “A Common Future is Possible Together” Competition held by Turkey Employers’ Unions Confederation.

**TürkTraktör** produced biological sampling cabinets and intubation cabinets in line with the needs of healthcare workers.

### Support for healthcare workers

**Arçelik** implemented the product donation campaign to hospitals during this period when the pandemic brought life to a standstill and healthcare workers worked round the clock without even going home, in order to support healthcare workers who are working with great dedication on the front line in the war against COVID-19. Donation packages consisting of washing machines, dryers, ovens, tea and coffee machines and toasters were delivered to hospitals, which were designated as pandemic hospitals by the Ministry of Health, in order to meet the hygiene, feeding and refreshment needs of healthcare workers in the hospitals. More than 17,000 products under the Arçelik and Beko brands were delivered to more than 200 hospitals in 75 provinces with the support of dealers and authorized service providers. The donation campaign was aimed at helping healthcare workers maintain their morale and motivation and contribute to public health. The campaign also moved to a global scale, with white goods and small household appliances donated to more than 550 hospitals in 20 countries, including the UK, Italy, France, Germany, Romania, Pakistan and Bangladesh.

In April and May 2020, **Divan** allocated three of its hotels to healthcare workers, with 16,500 night stays provided with zero transmission.

**Koçtaş** organized a 10% discount campaign for healthcare workers at koctas.com.tr.

With the Avis and Budget brands, **Otokoç Otomotiv** allocated vehicles free of charge to healthcare workers for a 3-month duration so healthcare workers could safely commute to their jobs. In addition, a 50% discount was offered to healthcare workers in vehicle rental services.



The “workmanship from us” campaign was organized so healthcare workers could receive periodic vehicle maintenance from Otokoç and Birmot service providers. In addition, to provide an easier service for healthcare workers, customers’ vehicles were collected from their homes and delivered back to their homes once the procedures were completed.

**Yapı Kredi** implemented the application to prioritize customers who are healthcare workers at its call centers.

### Gender Equality

During the pandemic period, **Arçelik** continued work on its “Beko 100 Women Dealer Project”, which it launched before the pandemic to raise the profile of women in working life, and in order to support and strengthen women, who had been adversely affected by the pandemic, in the workforce. The project is aimed at supporting the economic and social development of women, to encourage women to become entrepreneurs and to consider the option of becoming a Beko dealer with the experience gained from the widespread and established dealer organization in Turkey. With the project, entrepreneurial women, who wish to buy dealerships, receive support at all stages

starting from the application stage, and a wide range of financial and moral support is provided from store selection, rent support and management training to mentorship.

Arçelik prepared the “500 Women Technicians Project” by taking into account the needs of the pandemic. The project aims to transform the female workforce, which had been laid off by the centralization of the call center, in an efficient manner. It aims to employ at least one female technician in each authorized service provider, which are serving all brands in Turkey, and to support the female workforce which had been adversely affected by the pandemic.

**Otokar**, a signatory to the United Nations Women’s Empowerment Principles (WEPs), supported the #HeForSheAtHome campaign, which emphasizes the importance of social gender equality at home as at in the workplace during the pandemic, and announced that it was also sharing responsibilities in housework, as part of the Koç Group’s “I Support Gender Equality for My Country” project.

**Aygaz** organized an awareness campaign in cooperation with UN Women aimed at addressing the increased violence against women during the pandemic.



## Management of the Pandemic at Koç Group

### Priority support for the customers aged above 65

In the process of tackling COVID-19, around 150 **Aygaz** canister gas dealers in 50 provinces met the grocery shopping and pharmacy needs of **Arçelik** customers subject to the lockdown restrictions imposed on citizens over the age of 65 in many provinces of Turkey, with additional support provided by Arçelik's network of authorized service providers.

Service priority was provided to customers aged 65 and over at **Arçelik**.

**Ford Otosan** launched the social responsibility project "Just Call, Ford Otosan is Here" in order to support the needs of its retired employees over the age of 60, by phone during their time spent at home.

**Koçtaş** offered free transportation, assembly and renovation services for customers aged 65 and over, who are required to stay in their homes.

**Yapı Kredi** implemented a system prioritizing customers aged 65 and over in its call centers.

### Educational, cultural and moral support

Within the scope of the "Family Hour" corporate social responsibility project, **KoçSistem** continued to provide training of appropriate technology usage for parents both online and with printed kits together with its education partner, the Mother Child

Education Foundation. The "Safe Internet Usage" and "New Trends in Technology" video training, prepared by the KoçSistem Volunteers, continued to be provided to parents. Social awareness activities reached more than 15 million people. Within the scope of the project, 36 activity suggestions, in which parents can spend time with their children without looking at screens during the pandemic, were shared with employees and customers over e-mail and social media.

With the participation of the **Setur** guides, the online video content production project for travel routes for children and young people was carried out for the EBA (Educational Informatics Network) platform library of the Ministry of National Education.

In order to improve the digital literacy of the 9<sup>th</sup> grade students at the Kadıköy Anatolian High School, Zer organized courses in artificial intelligence and robotic process automation with a 12-week curriculum in cooperation with **KoçDigital**.

**Tat Gıda** and **TürkTraktör** developed the "Hygiene Project" in order to raise awareness of COVID-19 among seasonal agricultural workers and to improve hygiene conditions in their existing living spaces.

**TürkTraktör** ensured that computers which are not used in the company were delivered to children in need attending Darüşşafaka<sup>1</sup> in order to support the distance learning system.

New and past **Yapı Kredi** Culture and Art exhibitions were brought online with the 360-degree virtual tour. At the Yapı Kredi Bomontiada, the World Acoustic concerts were brought home and also broadcast over the social media account.

### Products and Services

**Bilkom** responded to consumer needs with products such as hygiene devices and smartwatches that can measure temperature with product choices that take into account social needs and a heightened awareness of health during the pandemic. In addition, education was supported with the provision of affordably priced tablets for the distance learning application.

In cooperation with **Opet Fuchs**, **Ford Otosan** started to provide periodic maintenance services free of charge for all Ford branded ambulances used by the Ministry of Health.

In order to protect public health, **Tofaş** provided free vehicle disinfection services for Fiat, Alfa Romeo and Jeep customers, even if they did not purchase services.

**Tat Gıda** delivered 250,000 products to healthcare workers, the elderly and people in need through collaborations carried out with the Governorship of İstanbul, the Metropolitan Municipality, Getir (a Retail and Logistics company) and similar organizations.

(1) Bright and talented children who have lost one of their parents and who have limited financial resources become eligible to attend the Darüşşafaka school after passing a competitive exam when they are ten years old.



### Aid, Donations and Support

**Aygaz** provided 760.000 bottles of drinking water to 28 hospitals all around Turkey.

**Koçfinans** provided medical equipment support to the Marmara University Pendik Education and Research Hospital.

**Koçtaş** delivered 12 aspirator devices to assist with breathing of patients in intensive care, and various emergency supplies for healthcare workers.

**Ram Dış Ticaret** (Foreign Trade) distributed 10,560 items of hand sanitizer to health centers.

**Zer** donated over 645,000 masks to 15 different hospitals for healthcare workers.

**Tüpraş** purchased a PCR testing device for the Kocaeli Provincial Health Directorate. In addition, the Company donated 500 overalls and 5,000 surgical masks to the Kocaeli University Hospital. The Company also met requests for masks and overalls from hospitals in the Körfez, Kocaeli, Aliağa, İzmir, Kırkkale and Batman districts, where the refineries are located. A total of 500 overalls were donated to the Ankara and İstanbul Metropolitan Municipalities and five hundred 400 ml bottles of cologne were donated to the Körfez Municipality.

Tüpraş signed a protocol with Kocaeli's Körfez Municipality and İzmir's Aliağa Municipality to provide support with the leftover food from the dining halls of the refineries for shelters in the region to meet the increased need for food and water for stray animals.

**Yapı Kredi** allocated TL 10 million to the supply of equipment and consumables needed by healthcare organizations and healthcare workers. It donated 10 patient monitoring devices and one central monitoring device to the Niğde Ömer Halisdemir Education and Research Hospital.



**Otokoç Otomotiv** provided a total of 35,000 face protection shields to healthcare workers working at the Koç University Hospital and the American Hospital, and to the İstanbul Provincial Health Directorate, the İzmir Provincial Health Directorate, the İstanbul Metropolitan Municipality and the Foreign Economic Relations Board of Turkey (DEİK) Hungary Business Council, its employees and dealers.

**Koçtaş** donated two tons of food to the Kadıköy and Üsküdar Municipalities for street animals.

**Zer** donated over 280,000 masks to 170 suppliers, with 750 masks to each supplier in November and 1,000 masks to each supplier in December.

**Setur Marinas** provided support to its customers with a range of payment options and discounts.

**Tat Gıda** increased the amount of cash and in-kind advance support offered to farmers within the scope of contracted agriculture practices by 30% during the pandemic, to TL 23 million.

### Business Response

Maintaining a solid balance sheet structure in the management of businesses has been a top priority. Internal assessments with regard to liquidity, leverage and foreign currency positions were carried out more frequently at both Koç Holding and company level and stress tests were carried out with necessary measures taken in a timely manner.

With the decrease in interest rates, significant savings were achieved by utilizing loan refinancing, and additional liquidity was obtained. Adjustments and updates were made for dividend payments.

Optimization of resources was planned to manage the effects of the pandemic. Non-critical investments were postponed and savings were achieved in expenses.

Expectations for 2020 were continuously revised throughout the year within the framework of the macroeconomic conditions which changed due to the impact of the pandemic.

## 2020 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.

### One of the World's Best Employers

Koç Holding was once again voted Turkey's best employer in 2020 in "The Best Employers of the World" list published by Forbes.

### In the World R&D Expenditures List

Koç Holding, Ford Otosan, Arçelik and Tofaş were included in the 2020 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.

### Export Champions

Four Koç Group companies were included in the list of Turkey's top 10 exporters at the "Export Champions Award Ceremony" organized by the Turkey Exporters Assembly with Ford Otosan ranked 1<sup>st</sup>, Tüpraş 3<sup>rd</sup>, Tofaş 7<sup>th</sup> and Arçelik 9<sup>th</sup>.

### Among Turkey's 10 Largest Industrial Enterprises

In the "Top 500 Industrial Organizations" survey prepared according to 2019 financial results by the Istanbul Chamber of Industry, four of Turkey's largest industrial enterprises were Koç Group companies, including Tüpraş (1<sup>st</sup>), Ford Otosan (2<sup>nd</sup>), Arçelik (6<sup>th</sup>) and Tofaş (7<sup>th</sup>).

### Most Admired Company

Koç Holding was ranked 1<sup>st</sup> for the sixth time in a row 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 ranked 1<sup>st</sup> in the "Holdings" category in the "Turkey Reputation Index 2019" survey held by the Turkey Reputation Academy with the participation of 12,000 respondents from 42 sectors, with the academic audit conducted by Yıldız Technical University.

### Setting an Example to the World in Tackling Coronavirus

Koç Holding was deemed to have set a good example to the world by the World Economic Forum (WEF), in view of steps Koç Holding has taken to support the recovery of our country and society during the days of the pandemic. The WEF's statement noted that the rapid spread of coronavirus had profoundly affected societies and business around the world, adding, "Institutions and organizations from around the world are coming together to find innovative ways to limit the impact of the pandemic on public health, the economy and supply chains. Koç Group, Turkey's largest industrial and services group, has mobilized its resources to tackle coronavirus. Arçelik undertook the mass production of life-saving domestic mechanical ventilators. In addition, Koç Holding, a supporter of the World Economic Forum's COVID-19 action platform, mobilized Ford Otosan, a partnership with Ford, and Tofaş, a partnership with FCA, to meet the need for critical medical equipment in hospitals, free of charge. The health equipment included visor masks, waterproof protective coveralls, biological sampling and intubation booths."

### One of Turkey's Best Workplaces

16 of the 32 companies to receive the Kincentric Best Employers survey "Turkey's Best Workplace" award were Koç Group companies.

## An Example to the World in Human Resources Practices in the Process of Tackling COVID-19

The World Economic Forum (WEF) held Koç Holding up as an example to the world in recognition of its successful human resources implementations, which the Group has put into practice for its employees in the process of tackling COVID-19. "The COVID-19 Workplace Commons" initiative, founded under the leadership of the WEF and Arizona State University, showcases to the world some of the successful human resources practices implemented by companies which have put their employees first during this difficult process. In the study conducted with this initiative and attended by 1,125 organizations operating in 23 different industries from 29 countries, Koç Holding's human resources practices during the Coronavirus outbreak, which focused on the health and experience of its employees, were highlighted and published as a case study.

## Digital Transformation Award

Koç Holding ranked 1<sup>st</sup> in the "Fast Delivery" category at the SAP Quality Awards with "Zero-Based Budgeting", which is one of the most important initiatives of the cultural transformation program. Along with Koç Holding, Arçelik, Opet and Opet Fuchs all received awards in various categories.

## Most Admired Employer

In the "Turkey's Ideal Employers 2020" survey conducted by Universum and prepared according to the votes of 55,000 university students from 55 educational institutions, Koç Holding was ranked 1<sup>st</sup>.

## Startup Friendly Company

Koç Holding, which supports entrepreneurs with the Koç Innovation Program and invests in initiatives in a range of areas, which involve technology and innovation with Inventram, won the 2<sup>nd</sup> prize in the "Startup Friendly Company" category in the Corporate & Startup Day. Group companies Tat Gıda, Otokoç Otomotiv, Tofaş and KoçSistem also received awards.

## Entrepreneurial Ecosystem Supporting Institution of the Year

Koç Holding was chosen as the "Entrepreneurial Ecosystem Supporting Institution of the Year" at the Webrazzi Awards, which determine the best institutions of the year in the world of internet and technology.

## Women Empowered Boards Award

Koç Holding was one of the three highest scoring companies in the Board of Directors Empowered With Women Index, which evaluates companies with professional female members registered in the BIST 100 Index.

## Social Media Communication Awards

Koç Holding received the "Golden Award" in the "Holding" category in SocialBrands Data Analytics, which evaluates the social media performances of brands based on data in Social Media Awards Turkey.

## November 10 Commemoration - We Will Heal and Biennial Communication Awards

With its November 10<sup>th</sup> Commemorative Communication, Koç Holding won the "Golden Effie" prize in the category of "Achievers on Special Days", the "Silver Award" in the "Special Day Campaign" category of Social Media Awards Turkey, the "Felis Achievement Award" in the "Corporate Image" category in the Felis Awards and the "Crystal Apple" award in the Crystal Apple Awards, and it was deemed worthy of many awards, including "Best Advert" and "Best Cinematography" in the "Excellence in Practice" category, and in the "Best Casting" category, winning a total of five "Crystal Apples". The "Crystal Apple" was won in the "Online Film / Corporate Image" category for the communication project, "We Will Heal", in the pandemic process. It won the "Golden Effie" in the category of "Those Who Grow With Reputation" and the "Silver Award for Online Advertising" in the Social Media Awards with its communication of the İstanbul Biennial.

## Social Responsibility Awards

Koç Group received four awards in Turkey's first Social Responsibility Award, "A Common Future Is Possible Together" in the fight against COVID-19, organized by the Confederation of Employers' Unions of Turkey. Koç Holding was awarded the "Employee Support Award" with its KoçAilem Blood Brotherhood Platform, while Divan Group won the "Health Heroes Support Award" for opening its hotels to health workers. Tüpraş received the "Together Possible" in commendation of its visor mask production, and the "Digitalization Award" with its Smart Helmet project.

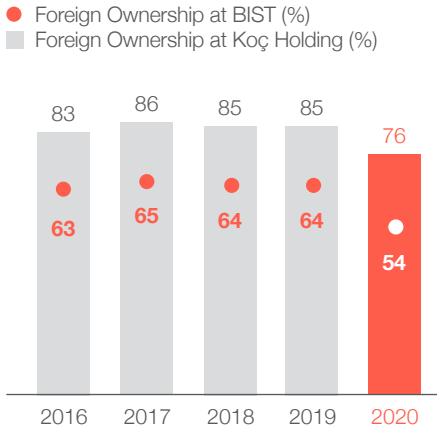
## Shareholder and Investor Relations

### The Koç Group: The most valuable in Borsa İstanbul

**TL 53.6 billion**

Market value at the end of 2020

#### Foreign Ownership in Free Float<sup>2</sup>



Koç Holding's majority shares are owned by the Koç Family and companies owned by Koç Family members, while 26% of its shares are publicly listed<sup>1</sup>. There are 12 publicly listed companies within the Koç Group. With listed companies accounting for approximately 85% of its net asset value, Koç Holding has a very transparent structure. As of the end of 2020, the total market value of Koç Group constituted 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 21 roadshows and conferences were held in 2020, either physically or online, to reach investors resident both in Turkey and abroad with the participation of senior managers, and meetings with around 500 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.

At the end of 2020, Koç Holding's market capitalization stood at TL 53.6 billion. Average foreign ownership ratio in the floating shares of Koç Holding was 76% in 2020 compared to 54% for BIST.

As an indication of the high level of value that the Holding generates for its shareholders, Koç Holding trades at a premium or significantly lower discount to its net asset value than many holding companies, not only in Turkey, but globally. Koç Holding traded at an average discount of 15% to its net asset value in 2020.

#### 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
- Corporate governance at international standards with high importance given to sustainability.

(1) For details of shareholder structure, refer to page 131.

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

## 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 (HR) 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 2020, there were 100,641 people working in the Koç Group, including 83,018 in Turkey and 17,623 abroad.

### İçinde Koç Var

İçinde Koç Var is the unifying brand representing 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. Within the scope of İçinde Koç Var, communication activities addressing cultural transformation processes such as changing the performance system, as well as Group culture, the educational development approach, internship programs, remote work and loyalty programs are implemented.

### Koç@İnsan

Koç@İnsan enables all employees to access the systems being used to implement the Company's HR policies via a single interface.

This platform is also used to conduct open communication with employees, manage employee data and ensure the transparency of policies and applications.

### Performance Management System

The performance management system in use across the Group enables top management to deploy and communicate strategies and objectives with the entire organization. Performance is evaluated at the end of the year and a performance is rewarded through a pay for performance compensation system.

With the newly designed "KoçDiyalog" performance management system, a system with more dialogue and development at its heart was implemented as a pilot in 2020. KoçDiyalog uses the OKR (Objectives and Key Results) method, in which employees determine Objective and Key results in accordance with the Company's strategies where they can revise objectives in a dynamic structure based on changing priorities throughout the year. In KoçDiyalog, a highly agile system, the employee and manager conduct five check-ins called "OKR and Development Dialogues" throughout the year, and instant feedback is provided through the "Give Feedback/Request Feedback" mechanism.

### 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 that differ from each companies and positions, in areas such as economic profit, share performance and long-term strategic targets.



## Human Resources

### Fringe Benefit System

Fringe benefits, which are offered to employees in line with their position, are reviewed every year to meet the expectations of employees and to protect the competitiveness of the Group in the market. These benefits, which form part of the total income, aim to carry employee engagement to the highest levels. Accordingly, enhancements to fringe benefit packages are undertaken each year and new practices are put into use. In an effort to ensure that no employee remains without private health insurance, all employees were offered Complementary Health Insurance. In addition, improvements are made in the health insurance policy conditions within the Koç Pension Fund. Within the scope of the “Health Comes First Program”, announcements and bulletins for health insurance policies and preventive health measures are published throughout the year. During the pandemic, individual online meetings were held with specialists from various branches.

In line with employee-centric and innovative approaches, the Flexible Fringe Benefit application is also provided to employees in addition to existing fringe benefits.

### Agile Transformation

An “Agile Academy” was established to strengthen the competencies needed by all employees in Koç Group’s agile transformation process, and the Agile Transformation Program was designed to train Agile Coaches with the Harvard Business School. A comprehensive range

of training programs was provided, from the Agile Coach training program to agile transformation programs for senior and mid-level managers, as well as agile training at the specialist level. The training programs were tailored for the Koç Group with the aim of supporting and accelerating the transformation processes of Koç Group companies.

### Talent Management Approach

At 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 “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 Koç Group employees at different stages of their career in the areas of leadership, management, strategy and change management with more than 110 programs designed together with leading training companies in Turkey and the world.

Within the scope of LEAD, many programs are implemented which aim to help senior managers become leaders managing change. Examples of these programs are the “BeGlobal Silicon Valley” and “BeGlobal China” programs designed by the Koç Holding Human Resources Directorate, which allow on-site review of

the best practices of global companies. A total of 175 senior managers participated in the “Personnel Development Program (PDP)”, designed in conjunction with Harvard Business School (HBS), McKinsey and Aberkyn. During the pandemic period, “PDP: Leading in Uncertainty & Complexity” training was implemented to support the leadership of senior managers in navigating the complex structure of the new normal, and all senior managers participating in the PDP also participated in this program as well.

Employees receive support in a range of different areas with online education programs from institutions such as the Columbia Business School, MIT Sloan, the University of Oxford, the London School of Economics, the University of Cambridge and UC Berkeley as well as HBS Online and Udacity’s online programs.

### KoçAkademi Development Planning and Learning Platform

Koç Academy is a video training platform exclusively for Koç employees and their families, offering thousands of items of video training content, ranging from technology, personal development and healthy living to family and hobbies.

The Platform was opened for public access from March until the end of the year in order to support everyone during the pandemic period. The Platform attracted 1.7 million visitors and 9.3 million views.

### Internal Posting System- KoçKariyerim

KoçKariyerim 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 career paths and guiding their career development. Group employees are given priority in filling all open positions. More than 8,000 applications were submitted in response to more than 1,800 postings published on the portal during 2020, and over 900 employees benefited from intra-company rotation opportunities.

### Recruitment

Koç Holding aims to ensure all candidates applying for jobs in Group companies are objectively evaluated and that candidates have a good experience during their application process. Globally recognized, reliable evaluation inventories are used in the recruitment process. The HR employees responsible for recruitment participate in the recruitment accreditation program specially created for the Koç Group in cooperation with the Society for Human Resource Management (SHRM) and Koç University. From the moment of the application to the announcement of the job offer, candidates are asked for their feedback in relation to the entire process, and activities to improve the candidate experience are closely monitored.

### The Most Successful Koç Employees Award System

The Most Successful Koç Employees Award System was formed to recognize and appreciate the achievements of employees and to ensure that best practices within the Group were uncovered and shared.

Projects in the categories of “Adding Value to the Environment and Society”, “Digitalization”, “Developing Partnerships” and “Creative Innovation” are voted for

by employees through a mobile and web based voting system after the initial assessment of the selection committee.

### Employee Experience and Satisfaction

Regular research is conducted by an independent expert organization to measure how satisfied Koç Group employees are with their experience in the entire process from the candidate experience to the exit experience, and the factors affecting employee experience are examined. In this vein, studies are carried out to continuously improve the employee experience in Group companies, experience improvement activities are closely monitored and support is provided to increase employee participation in the process.

Koç Group’s main goal in this process is to provide a happy working environment for its employees, which the Group views its most important source of capital.

### 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 dialog with these unions in accordance with European Union regulations, Koç Group human resources processes and the UN Global Compact, of which Koç Group is a signatory.

The Industrial Relations Coordination Board, established in this context, develops a sustainable and constructive industrial relations culture within the scope of the Group through periodic meetings. The pandemic has affected industrial relations as well as working life. The focus in 2020 has been to ensure the rapid adaptation of the Group companies to the changes arising from the pandemic, to ensure sustainability by creating practices that will protect the health of employees and society, and to fulfill the obligations arising from changing or new legislation. In this context,

the participant group of the Industrial Relations Coordination Board meetings was expanded, organized online, and the frequency of the meeting was increased.

### Health and Safety

Koç Group’s Central Health and Safety (H&S) Unit, together with the H&S Committee, which includes participants from the companies, carries out studies on strategies, draws up road maps, management system and standards which will cover the Group. In 2020, a management system framework document was prepared and training was provided to Group companies. After the gap assessment studies for the transition to the new management system are completed, companies will also implement these standards. In addition, several Group-wide standard studies have been completed. Throughout the pandemic, the board focused its work on this issue and has prepared a range of guidelines and practices. In addition, the WorkSafe Mobile application was launched, which allows employees to notify of potential hazards before an accident occurs.

### 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 and peaceful retirement. The foundation has 63,256 active members and 687 retired members.



## Human Resources

### KoçAilem

The KoçAilem is Turkey's first corporate privileges platform and is also the largest one in Turkey. The platform enables Koç Group employees, employees' families, pensioners, dealers and Koç University students to feel privileged in their social lives as part of the Koç Group family.

KoçAilem aims to increase the satisfaction and loyalty of its 150,000 members with benefits that have high interaction effect and enrich their social lives, while offering members privileged access to products and services of intra-Group and non-Group companies.

KoçAilem offers national and local benefits from over 15,000 benefit points and 200 leading brands in over 15 different sectors.

### KoçAilem Blood Sharing Platform

KoçAilem, a platform which supports Koç employees, was commissioned by Koç Holding in response to dwindling National Blood Donation stocks during the pandemic period. Accessed through

the KoçAilem mobile application, the platform brings Koç Group employees or their relatives together with volunteer Koç employees in the event that they need blood or COVID-19 immune plasma. More than 6,500 people have joined blood donation volunteers within the scope of the program.

### Koç Group Sports Association and Sports Festival

The Koç Group Sports Association (KTSK), established in 2012, aims to improve the sporting and social opportunities provided to employees, operates in many different branches as diverse as running to art workshops, and has undertaken to add value to the lives of employees with extensive events.

With the start of the pandemic, KTSK moved all of its activities to an online platform. In total, 817 items of online sporting contents which were open all of Turkey were produced in 75 branches was viewed 2,675,000 times during the year.

KTSK organized international e-sports tournaments for all employees, and more than 3,000 employees participated in tournaments held in branches ranging from sailing to football.

In the Runatolia International Marathon, one of the most important marathons in Turkey, a comprehensive event was organized with the participation of nearly 800 athletes from 16 companies.

In 2020, the 31<sup>st</sup> Koç Group Sports Festival - the first corporate sports festival in Turkey - was held. The festival, which started in January in 18 branches, was moved to an online platform with international participation due to the pandemic.

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

### 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

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 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.

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.



# Sustainability

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.
- 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.

## Determination of potential material issues

- Determination of 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

- Determination of 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
- Defining 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 (incl. the Green Deal)
23. Portfolio management

From this point on, the distribution of material issues of Koç Holding according to stakeholder priorities and business success is expressed in the 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 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.

Koç Holding works to reinforce its position in the MSCI ESG, BIST Sustainability, FTSE4Good and Sustainalytics indices and to continuously improve its performance. Arçelik, Aygaz, Ford Otosan, Otocar, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, together with Koç Holding, were included in the BIST Sustainability Index in 2020 having met the necessary criteria.



# Sustainability

## 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 TÜSIAD, 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 report 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 Annual Report is updated and the Declaration of Compliance is included in order to comply with the necessities of the Sustainability Principles and the company carries out its activities to fully comply with the Principles. Disclosures

related to the Principles are shared 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<sup>st</sup> January to 31<sup>st</sup> December 2020, encompassing 74% of employees and 87% of turnover. Performance data was calculated as realized over the 11-month period and projected for the 12<sup>th</sup> month. Social performance indicators cover the period up to 30<sup>th</sup> November 2020, and Occupational Health and Safety data covered the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2020.

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.

#### Low carbon transition and climate risks

Transitioning to a low-carbon economy is of the utmost importance in order to continue to grow while reducing greenhouse gas emissions. Koç Holding

believes in the importance of this transformation and managing climate risks in an integrated manner. Koç Group had made the commitment to reach net-zero emissions by 2050 and is currently working on developing roadmaps to efficiently manage risks and opportunities. Transformation in the value chain is supported through environmental trainings and audits, not only within the Group ecosystem, but also for suppliers and customers in particular.

The Koç Group invests in renewable energy to accelerate the transition to a low carbon economy. A total of reaching 1,365 thousand GJ of renewable energy was purchased in 2020, more than twice as much as in the previous year. The amount of renewable energy generated within the Group reached 4,148 thousand 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 55% 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 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 TÜSIAD Green Deal Task Force, led by the Koç Group, prepared the "New Climate Regime Report Through the Lens of Economic Indicators. The report reveals the possible effects of the Green Deal on sectors exporting from Turkey to the EU, as well as the Deal's repercussions on the Turkish economy.

Within the Group, a working group was established within the Koç Group Environment Board 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. Within the framework of the Public Consultation Process in the Carbon Border Adjustment Mechanism (CBAM), which is one of the most important developments of 2020 within the scope of Green Deal, the Koç Group Evaluation Note was prepared and shared with the related organizations.

## Sustainability

### Clean technologies product sustainability

Clean technology and innovative sustainable products with high resource efficiency and a 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. The investments undertaken for the development of these technologies support R&D and innovation while also generating employment. 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 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.

A working group has been established within the Koç Group Environment Committee in order to clarify the sector-based low-carbon product definition for the Koç Group companies, to associate it with national and international standards, to determine what is needed and to determine the reporting criteria.

### Energy use and greenhouse gas emissions

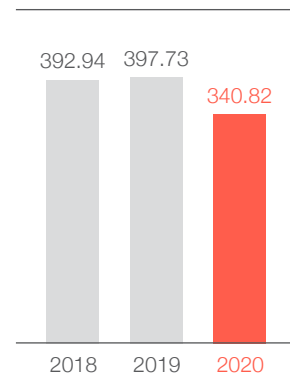
In the fight against climate change, greenhouse gas emissions should be reduced, and energy consumption managed effectively. Group companies, which carry out climate change assessments in the light of the Koç Group Climate Change Strategy carry out studies on effective monitoring, reporting and reducing greenhouse gas emissions within the framework of conditions.

For the first time in 2020, efforts to verify greenhouse gas emissions at the Koç Group level were carried out and audited by a third-party independent organization within the framework of the ISO 14064-1 Standard for Verifying and Reporting Greenhouse Gas Emissions.

The 2020 greenhouse gas emission intensity of Group companies was measured as 22.65 tons of CO<sub>2</sub> e/million TL. The average greenhouse gas emission intensity of the Group companies operating in non-energy sectors was 3.54 tons CO<sub>2</sub> e/ million TL, and 51.8 tons CO<sub>2</sub> e/million TL of those in the energy sector.

| Energy intensity by sector (GJ/million TL) | 2018   | 2019   | 2020          |
|--|--------|--------|---------------|
| Energy                                     | 666.47 | 672.21 | <b>783.43</b> |
| Automotive                                 | 54     | 47.42  | <b>45.06</b>  |
| Consumer Durables                          | 54.26  | 39.57  | <b>30.57</b>  |
| Finance                                    | 26.02  | 26.6   | <b>22.1</b>   |

### Energy Intensity- Koç Group (GJ/TL million)



### Operational environmental impacts

For efficient use of water and natural resources, the conservation 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 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.

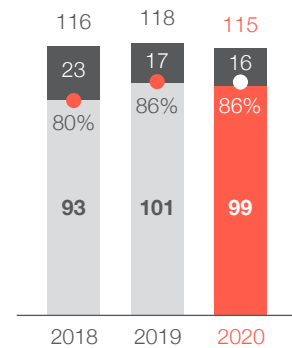
In 2020, the Koç Group's total environmental investments and expenditures, including waste costs, chemical expenses, consulting and training

for environmental management, were recorded as TL 125,512,843. Financial savings of TL 8,549,105 were achieved through environmental investments and expenditures. There were no environmental fines exceeding USD 10,000 in 2020.

| Year | Reductions Achieved by Energy Efficiency (million GJ) | Reduction in Greenhouse Gas Emissions (thousand tons CO <sub>2</sub> e) |
|------|---|---|
| 2018 | 3.90  | 275.74  |
| 2019 | 1.47  | 44.84   |
| 2020 | 0.86  | 53.93   |

### ISO 14001 Certified Plants

■ Number of Plants with Certification  
 ■ Number of Plants without Certification  
 ● Ratio of Certified Plants



### The Koç Environmental Committee

The Koç Environment Committee, 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 Committee 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 2020, the working groups under the Environmental Committee were restructured and the group structures and business plans were renewed.

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. Taking the Group's sectoral diversity into account, steps were taken to facilitate the implementation of the strategies and were detailed on a sector-by-sector basis. The Plan sets out an aim for companies to review their environmental strategies and targets and performance indicators under the focus of this strategy.

The development of standards to be implemented across the Group in 2020 has come to the forefront as another point of focus. In the first stage, the Koç Group's Greenhouse Gas

Emission Calculation and Reporting Standard and Water and Wastewater Management Standards were established by taking national and international developments into consideration. Standard development efforts for the Group's material issues are continuing.

| Environmental Trainings                         | 2018   | 2019   | 2020   |
|---|--------|--------|--------|
| Number of participants (employees)              | 32,155 | 28,750 | 23,783 |
| Number of participants (Sub-contractors)        | 30,010 | 27,516 | 17,215 |
| Training Hours (person*hours) (Employees)       | 42,297 | 39,868 | 32,481 |
| Training Hours (person*hours) (Sub-contractors) | 15,750 | 19,154 | 7,865  |

In addition to mandatory training in the field of environment, various training sessions are provided to employees in order to support the work of the Environmental Committee. 60 environmental officers from the Group companies participated in the Environmental Management Training Certification Program provided by the Institute of Environmental Management and Assessment (IEMA), and a total of 2,400 person\*hours was received. As part of the ISO 14064-1 Carbon Footprint Standard Implementation Training, a total of 512 person\*hours of training was provided to 32 environmental specialists.

## Sustainability

### 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. In this vein, the “Koç Group Water and Wastewater Management

Standard” has been established to determine holistic water and wastewater management principles throughout the community and to identify and manage water related risks.

Measures are being taken to increase the recycling and reuse of water in a bid to alleviate the pressure on natural resources. The Koç Group reused 93,482,980 m<sup>3</sup> of water in 2020.

### Waste Management

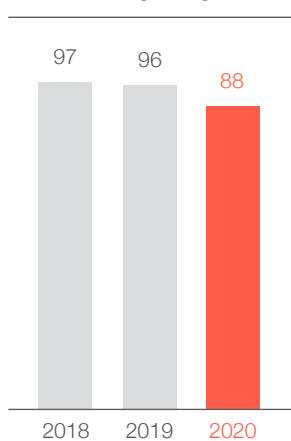
Effective waste management and circular models are vital in preventing environmental pollution and reducing pressure on natural resources. The Koç Group aims to reduce waste at source and continuously increase the percentage of recycled and reused waste.

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.

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

| Total water withdrawal by resource (m <sup>3</sup> ) | 2018       | 2019       | 2020              |
|--|------------|------------|-------------------|
| Surface Water  | 17,194,359 | 17,226,597 | <b>18,239,864</b> |
| Groundwater  | 6,791,670  | 6,490,512  | <b>6,182,883</b>  |
| Municipal Water                                      | 2,826,971  | 2,497,051  | <b>2,280,432</b>  |
| Rainwater and other resources                        | 11,700,740 | 11,608,948 | <b>4,740,309</b>  |
| Total  | 38,513,739 | 37,823,108 | <b>31,443,487</b> |

### Waste Recycling Ratio (%)



| Waste by type (tons)                           | 2018    | 2019    | 2020           |
|--|---------|---------|----------------|
| Recycled / Recovered hazardous waste           | 38,944  | 33,493  | <b>25,805</b>  |
| Recycled / Recovered non-hazardous waste       | 283,378 | 273,961 | <b>256,258</b> |
| Hazardous waste disposed of                    | 2,430   | 8,265   | <b>6,272</b>   |
| Non-Hazardous waste disposed of                | 6,327   | 5,404   | <b>5,017</b>   |
| Amount of hazardous waste sent to landfill     | 899     | 340     | <b>2,094</b>   |
| Amount of non-hazardous waste sent to landfill | 23      | 0       | <b>24,399</b>  |
| Total (tons)                                   | 332,001 | 321,464 | <b>319,847</b> |

*\*All calculations were made in accordance with the Waste Management Regulation.*

## 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 and plastic pollution. The Group participates in the Climate Change Conference of the Parties (COP) every year and complies with the United Nations Framework Convention on Climate Change (UNFCCC).

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 Committee, 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. The Human Rights Policy prepared by the Koç Group in 2020 was in line with business ethics. 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 may report any non-compliance with the Human Rights Policy to their senior manager. In addition, the employee reserves the right to report to the Koç Holding Ethics Line ([kocsnow.koc.com.tr/ihbarlar](mailto:kocsnow.koc.com.tr/ihbarlar)). The Koç Holding Human Resources Directorate is responsible for the implementation of the policy.

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

## Workplace Diversity and Equal Opportunity

The Koç Group has long striven to ensure equal opportunity, diversity and inclusion. It attaches priority to creating an environment suitable for the needs of all employees, regardless of their age, gender or job category. It has implemented a wide range of initiatives to offer equal opportunities to employees at all levels. In this vein, the Group updated its training programs and support systems to cover all job categories to enable all employees to access the same communication tools. In line with the work carried out, the participation rate of female employees in training programs increased by 35% when compared to the previous year. Detailed information on the training programs can be found in the "Human Resources and Organization Chart / Koç Leadership Programs - LEAD" section of the report. Through such efforts, the Group aims to ensure that all positions and roles attract more female applicants by observing gender equality in the business environment. Improvements have been carried out to counselling services offered before and after maternity leave, childcare and nursery assistance, and workplace safety. In 2020, a total of 902 female employees took maternity leave and 98% of them returned to work following the end of their official leave. An 18% proportion of female employees also benefit from the provision of childcare. Women comprise 26% of the Koç Group's employees, while accounting for 30% of middle management positions and 14% of the Group's senior managers. A comprehensive approach is being adopted to eliminate all forms of discrimination and prejudice related to gender at work. In order to ensure that every candidate is evaluated under equal and fair conditions during the recruitment process, notices are passed which not



## Sustainability

specifying the gender; 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. The Koç Group Human Rights Policy outlines the general approach of the Koç Group on equality and equal opportunities. Furthermore, 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). Koç Holding is one of the 10 Impact Champions of the HeForShe movement run by UN Women. In this context, 100,000 employees, dealers and suppliers participated in gender equality seminars developed with the Mother and Child Education Foundation (AÇEV) and Turkey

Family Health Planning (TAPV), with the aim of eliminating gender-based stereotypes. In parallel with these activities at the Group level, the Koç Group companies have ramped up efforts to increase the number of women employees by determining the priorities of their sectors.

### Talent Management

The Koç Group invests in the competencies of the future to maintain its competitiveness in the sectors in which it operates. The Group acts with the aim of bringing about a business environment which is more flexible, more flexible, agile, entrepreneurial, collaborative and attractive to the most talented, in order to attract the right individuals. Various mechanisms are set up in order to provide a good employee experience to the talented individuals joining the Group and to evaluate them in the

talent pool of the Group companies. As an example of these mechanisms, 43% of the new graduates joining the Group were working as interns in the Group. In addition, more than 900 Koç Group employees participated in the rotation processes in 2020. Various training and development opportunities are offered to ensure employees reach and even exceed their 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 and Organization Chart / Talent Management Approach section.

### Promoting Gender Equality During the Pandemic

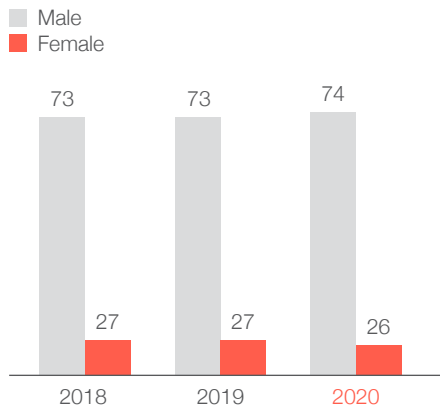
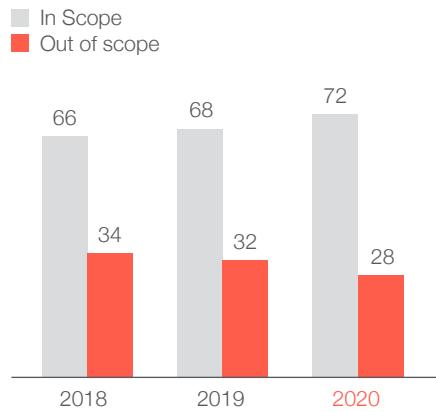
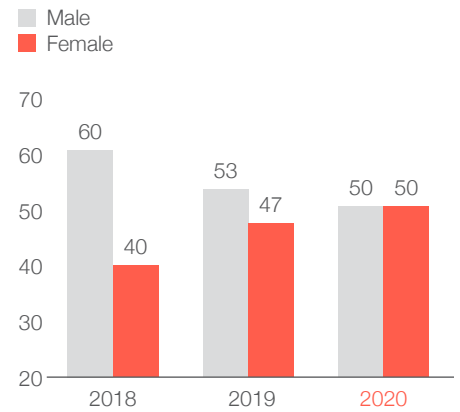
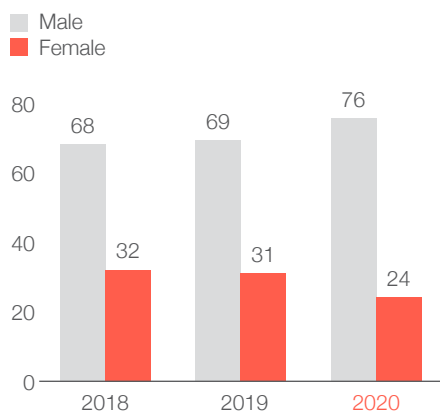
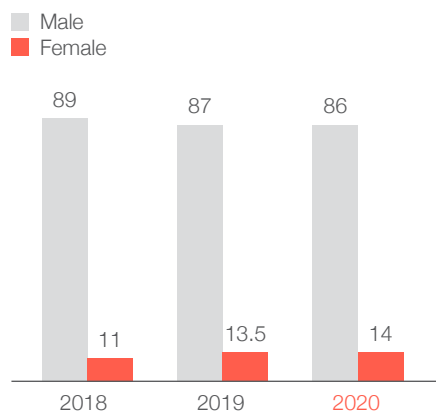
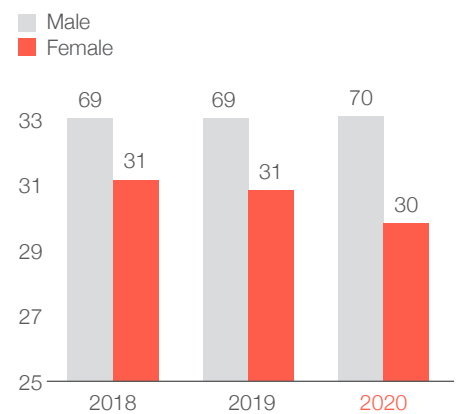
As in past outbreaks, women and girls around the world were more affected than men by the brunt of the COVID-19 pandemic. Women’s unrequited care burdens have become heavier. Women have suffered more from the economic effects of the crisis because they earn less, can save less and work harder in more precarious employment.

Koç Holding has brought this issue to the agenda of Group companies within the scope of its cooperation with UN Women since the early days of the epidemic. Studies have been carried out for women employees in companies and special measures have been taken. Moreover, companies drew attention to the negative effects of the epidemic on women through their own channels and reached out to stakeholders, especially their customers.

In addition to the work carried out in the Koç Group, an important road map was created under the leadership of TÜSIAD to engage with the private sector. Koç Holding leads the TÜSIAD Gender Equality Working Group. In this regard, with the cooperation

of United Nations Women and the support of TÜRKONFED, TÜSIAD, carried out a study entitled “Research on the Effects of COVID-19 Epidemic Process on Female Employees” in order to understand the potential effects of the COVID-19 epidemic on the private sector from a gender perspective and to contribute to the development of policies that would monitor gender equality in times of crisis. Based on the results of this research, an implementation guide based on WEPs commitments is being prepared to enable companies to plan egalitarian and transformative interventions and adopt crisis-resistant sustainable management models while responding to the urgent and practical needs of their employees in times of crisis.

Furthermore, the Koç Group, one of the global impact leaders of the HeForShe movement for the last five years, pointed out that domestic responsibilities should be shared between men and women during the pandemic period. The global #HeForSheAtHome social media campaign was implemented throughout the community through KoçHub, which was also announced on the HeForShe Turkey page.

**Employees by Gender (%)****Unionization (%)****Promotion by Gender (%)****New Recruitment by Gender (%)****Top Management by Gender (%)****Mid-Level Management by Gender (%)**

## Sustainability

### Occupational Health and Safety

The Koç Group strives to achieve excellence in occupational health and safety (OHS) standards throughout all of its operations in line with its target of zero accidents. OHS rules are an integral part of business culture.

Under the leadership of the Occupational Health and Safety Unit, strategies are determined in the field of OHS and studies are carried out with the focus of transition to management systems and development of standards. The Occupational Health and Safety Unit cooperates with the Occupational Health and Safety Coordination Board, which includes participants from Group companies. In 2020, "OHS Worksafe" software, a leading example of the work, was launched.

Continuous improvement studies are carried out on OHS within the Koç Group.

However, five fatal accidents unfortunately occurred in the companies covered by the reporting in 2020. There were no fatal accidents among subcontractors. New measures have been taken in response to these losses, all of which are caused by road accidents, and a "Safe Driving Standard" was developed for safer vehicle use across the Group.

Nevertheless, the OHS Policy and OHS management system procedure has been established within the Koç Group. This procedure, which covers all community companies, employees and subcontractors, aims to define OHS principles applied in the Koç Group, monitor performance with audits and key performance indicators within the community, carry out continuous improvement plans and consequently move more systematically towards the zero-accident target.

### Strengthen Communities. Together

The Koç Group believes that a strong and stable society 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. Within the scope of the policy, social investments are expected to;

- comply with the priorities and the needs of the regions where the Koç Group's business operations are conducted,
- be clearly linked to business strategy,
- establish strong collaborations with non-governmental organizations, international organizations, universities or individuals in developing viable solutions,
- contribute to the social and environmental goals as stated in the SDGs, and
- organized such that the intended and achieved results are measurable and scalable, and have the potential to be extended to other businesses and regions.

| The Koç Group Employees                    | 2018    | 2019    | 2020           |
|--|---------|---------|----------------|
| Injury Rate (IR)                           | 6.96    | 5.91    | <b>6.07</b>    |
| Occupational Illness Frequency Rate (OIFR) | 0.14    | 0.21    | <b>0.05</b>    |
| Lost-time injury frequency rate (LTIFR)    | 3.52    | 3.51    | <b>3.30</b>    |
| OHS training hours (employee*hours)        | 525,047 | 467,393 | <b>626,981</b> |

\*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.

In this vein, 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.

Since 2018, within the scope of the "I Design the Future for My Country" project, awareness studies were carried out to draw attention to the impact of rapid change in technology on the lives of individuals and to contribute to the strengthening of different segments of the society with the opportunities provided by technology. Relevant training modules have been published on the Koç Academy website. In addition, the "21<sup>st</sup> Century Skills in Vocational Training Project" and "BOOST Civil Society Technology Acceleration Program" were prepared with the aim of bringing the Koç Group's experience and learning in this field to the agenda of different stakeholders, and to effectively benefit from technology and innovation in social development.

### Development of 21<sup>st</sup> Century Skills in Vocational Training

The rapid advancements in technology have raised the need for a qualified workforce working in production processes every day. Increasing the number of young people and adults with appropriate vocational and technical training by 2030, and in qualified jobs, is also one of the subheadings of the goal of "Quality Education" of SDGs. Therefore, it is crucial that training systems are reviewed in a manner which responds to the demands of the labor markets.

In this context, in addition to the technical skills required to transform technology into innovation, behavioral skills, which include continuous learning, adapting to change and creating solutions to complex problems, are becoming increasingly important. Taking these differentiating needs into consideration, Koç Holding partnered with the Ministry of National Education and IBM to implement the "Development of 21<sup>st</sup> Century Skills in Vocational Training", being rolled out under the coordination of the Development Workshop.

With the work carried out within the scope of the project, which started to be implemented in November 2018, a meaningful and purposeful model of cooperation between industry and academia which supports 21<sup>st</sup> century skills was developed, based on a general vocational training approach. In addition, the Vocational Development Course Curriculum was updated with student-based content focusing on inquiry, 21<sup>st</sup> century skills and design-oriented thinking, with the name of the course changed to "Vocational Development Atelier". The content of Atelier for teachers and students was created with the Ministry of National Education to reach 50,000 teachers and 500,000 students and was published on the EBA Portal.

### BOOST Civil Society Technology Acceleration Program

While COVID-19 has highlighted the importance of digital transformation and effective use of technology in doing business, it has also indicated the importance of technology in developing solutions in tackling environmental and social challenges. Responding to this need, Koç Holding became the only private sector program partner in the regional BOOST program developed by the UNDP İstanbul Regional Hub. This program aims at supporting digital transformation processes and increasing their impact and accessibility.

Under the program, which was designed in two stages, 20 different non-governmental organizations working in the areas of the environment, education, human rights, women, young people and disadvantaged groups were offered the opportunity to design and implement digital transformation processes based on a concrete project proposal. In the first phase of the program, which started in October 2020 and lasted for about 3 months, NGOs worked with specialized mentors in an intensive training program covering different subject areas in order to realize their solution proposals which use technology. In addition to financing support, the five NGOs selected for the second stage will be provided with an acceleration program which will last for 24 weeks in 2021.

The program brought different experiences and expertise together on an international and national scale. The Acceleration Program's implementation partner in Turkey is the Koç University Entrepreneurship Research Center (KWORKS), while StartUp Grind, the world's largest global entrepreneurship community, is one of the program's international implementation partners. In addition, UNDP experts, as well as the Koç Group Digital Transformation leaders, have contributed to the program by working closely with NGOs in the process.

## Sustainability

### Grow the Business. Together

As a result of the materiality analysis conducted in 2020, it was observed that issues related to innovation and the digital transformation were 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 the digital conversion, a culture of innovation and institutional entrepreneurship, the Internet of Things and the process of digitalization, cyber security and data privacy, R&D capacity, open innovation and cooperation have come to the forefront as well as the issues of data analytics and Artificial Intelligence. The Koç Group Digital Transformation Program, Koç Innovation Program and R&D activities are set out in detail in the 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 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 2020, a total of 18,152 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 2020, 15% of the 17,785 suppliers were audited. In the coming years, the work carried out on the supply chain will be expanded within the scope of the newly developed Koç Group Supply Chain Compliance Policy.

| Supplier Training Hours | 2018          | 2019          | 2020          |
|-------------------------|---------------|---------------|---------------|
| Ethics                  | 3,045         | 1,428         | 918           |
| Environment             | 78,163        | 95,805        | 15,559        |
| Social                  | 1,803         | 2,442         | 1,675         |
| <b>Total</b>            | <b>83,011</b> | <b>99,675</b> | <b>18,152</b> |



## Compliance Program

The Koç Group is committed to being transparent, fair and accountable in its dealings with its stakeholders. In performing its activities, the Group complies with the applicable legislation and its contractual obligations, and acts within the frame of its Code of Ethics. In this context, a comprehensive “Compliance Project” has been carried out with the purpose of responding to the fast-evolving needs of the different sectors and geographies that the Group pursues operations in, as well as to domestic and international stakeholders’ expectations.

Within the scope of the “Compliance Project” carried out under Koç Holding’s leadership between 2018 and 2020, one-on-one interviews were held with the Group employees and senior executives, existing compliance activities were

evaluated through questionnaires and workshops, and a risk assessment in relation to the Koç Group was conducted. In the light of these outputs, global good practices were studied upon which related policies were finalized, and a “Compliance Program” was put in place with the approval of the Board of Directors of Koç Holding.

The Koç Group Code of Ethics, which was updated as part of the Compliance Program, is intended to provide guidance and direction to all Koç Group companies, their employees, those who act on behalf of and business partners. While compliance with the Koç Group Code of Ethics is the duty of all Koç Group employees, senior executives of the Koç Group companies are expected to lead the way in this respect.

The Compliance Program is the set of rules, policies and procedures intended to determine and manage compliance matters of the Koç Group with a risk-based approach. The Compliance Program brings together the corporate compliance culture supported by the senior management and monitored by the Legal and Compliance Department with the standards documented across the Koç Group with the involvement of all employees.

The main components of the Koç Group Compliance Program are as follows:

- Prevention
- Detection
- Response

The image below shows the components of the Compliance Program and the composition of these components.

The Koç Group Code of Ethics provide a comprehensive framework for the Koç Group employees and stakeholders on various matters, mainly human rights, anti-bribery and anti-corruption, prevention of conflicts of interest, economic sanctions, protection of privacy and inside information, and occupational health and safety.

Under the Compliance Program, numerous policies related to compliance have been developed, and approved by the Koç Holding Board of Directors. These policies include, among others, Sanctions and Export Controls, Anti-Bribery and Corruption, Supply Chain, Human Rights, Personal Data Protection, Donations and Sponsorships. The Koç Group Code of Ethics, Compliance Policy covering the details of the compliance structure, and supporting policies can be found at Koç Holding website.



## Koç Digital Transformation Program

The Digital Transformation Program has been one of the most important factors in the Group's successful management of the pandemic.

### Digital Transformation Themes and Initiatives

Work continues unabated in the Digital Transformation Program launched in 2016. Thanks to the work carried out within the scope of this program, which is entering its fifth year, Group companies were prepared for the pandemic, which was marked by a great deal of uncertainty. The work has contributed greatly to further strengthening the Group's current position and increasing its competitive clout by eliminating the threats that may arise and by taking advantage of new opportunities.

The Digital Transformation Program includes a wide range of projects, from advanced data analytics, artificial intelligence and the Internet of Things to blockchain, enriching the customer experience and Industry 4.0 applications. There was a total of 850 projects within the Digital Transformation Program as of the end of 2020. 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: **Yapı Kredi** redesigned processes related to individual loan applications it receives through 11 different channels. Thanks to micro services and cloud technologies, it transformed its systems into a flexible structure. With this project, the loan application response time was reduced to less than six seconds. Customers may foresee the longest term with the highest loan limit they can obtain and submit whichever loan application suits their needs.

### 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: **Tofaş** increased the efficiency of its assembly lines thanks to the algorithms developed within the scope of smart factory applications. While increasing the number of constraints which can be managed in the assembly line from 10 to 250, an increase in line capacity was achieved by raising the rate of compliance with the constraints from 65% to 93%.

### 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: With the "Smart Helmet" project, **Tüpraş** enabled remote management of operations, maintenance and training conducted in the field, thanks to real-time video and audio transmission. With this project, field operations could continue safely, especially during the pandemic period, leading to a higher rate of productivity among the employees.

### 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

Data analytics comprise a significant part among the technologies deployed by Group companies in the Digital Transformation Program. 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: **Arçelik** initiated the "DNA" project, which covers the production, sales and supply chain processes, in particular demand forecasting, and which places customer needs at it the core. More than 1.5 million pieces of data from 100 different sources were analyzed in all product groups. A total of 135 different parameters were included in the estimation algorithm, in which critical variables originating from the pandemic are included as well as sales, calendar and economic variables. This project paved the way for high product availability with low inventories and thus higher customer satisfaction.

### Industry 4.0

12 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 work to make more use of the Internet of Things technologies at the production facilities in Turkey and abroad. As of the end of 2020, more than one third of the production facilities in the Group were being managed by the end-to-end Internet of Things platforms. The studies carried out by Group companies are also held as examples 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 Inventram, Koç Holding's startup technology investment company.

Example: As a result of its work initiated within the scope of the Koç Innovation Program, **Aygaz** established a new company called **Aykargo** with the business model which it developed in the field of cargo transportation. Aykargo aims to make a difference by meeting customer needs in the cargo sector with the power of technology. In addition, Group companies continue their work by increasing their cooperation with universities and startups.

### 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 2,023 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.

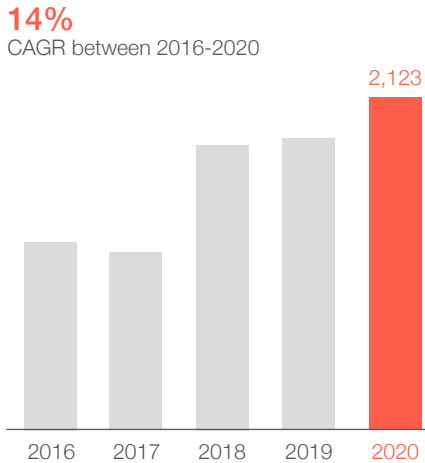
#### Competency Development:

- 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.

## Research and Development (R&D)

Koç Group companies play a leading role in the development and rollout of technology, innovation and the R&D culture.

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



Attaching tremendous importance to growing with technology, R&D and innovation, the Koç Group allocated approximately TL 2.1 billion to R&D in 2020. The Koç Group accounts for approximately 7%<sup>1</sup> of the total R&D expenditure in Turkey's private sector and with 32 R&D centers, one design center and seven Technopolis R&D offices, it has the highest number of R&D centers of any group in Turkey. The Koç Group employs 5,082 R&D personnel, corresponding to 4%<sup>1</sup> of all personnel working in R&D in Turkey's private sector.

4 of the 6 Turkish companies included in the "2020 EU R&D Scoreboard" report published by the European Commission are from Koç Group<sup>2</sup>. Together with Koç Holding, Ford Otosan, Tofaş and Arçelik were also included in the list. The Arçelik Digital Transformation and KoçDigital R&D centers were registered in 2020.

#### European Union (EU) Projects

In 2020, the Koç Group companies participated in 54 projects in the EU Horizon2020 program and 16 projects in the Eureka program. 4 Koç Group companies (Tüpraş Ford Otosan, Arçelik and Tofaş) were included in the top 5 in the list of the "Most Successful Turkish Industrial Organizations in Horizon2020" published by TÜBİTAK (the Scientific and Technological Research Council of Turkey)<sup>3</sup>.

- **Tüpraş** was recognized as the "Most Successful Turkish Industrial Enterprise" in the program with its 16 Horizon2020 projects and a EUR 7.38 million fund. Four new projects were accepted in 2020.
- **Arçelik** increased the number of Horizon2020 projects to 24 with four new entries accepted in 2020.
- The "Ecofact" Horizon2020 project with 20 partners, focused on energy efficiency, was initiated with **Arçelik** and **Tofaş** taking part together.
- **Tofaş** received three new project approvals in 2020 within the scope of Horizon2020 support.
- The STOIRAGE Horizon2020 project, where connectivity solutions will be developed, was launched with **Arçelik**, **Ford Otosan**, TÜBİTAK BİLGEM and 42 partners.
- The "PAPUD" ITEA3 project, carried out in cooperation with **KoçSistem**, **Setur** and Bilgi University, has been completed.
- With the "DELTA" ITEA3 project, in which **KoçSistem** is involved with **Entek**, a blockchain technology infrastructure will be created in the field of energy.
- The Horizon2020 application for the development of long-range hydrogen-fueled buses with Fuel-Cell technology, involving **Otokar** and **Ford Otosan**, has been accepted.
- The "REACH" project, applied by **Yapı Kredi Technology**, has been its second project in Horizon2020.

(1) Based on Turkish Statistical Institute's and Koç Holding's 2019 R&D data. (<https://data.tuik.gov.tr/Bulten/Index?p=Arastirma-Gelistirme-Faaliyetleri-Arastirmasi-2019-33676>)

(2) <https://iri.jrc.ec.europa.eu/scoreboard/2020-eu-industrial-rd-investment-scoreboard>

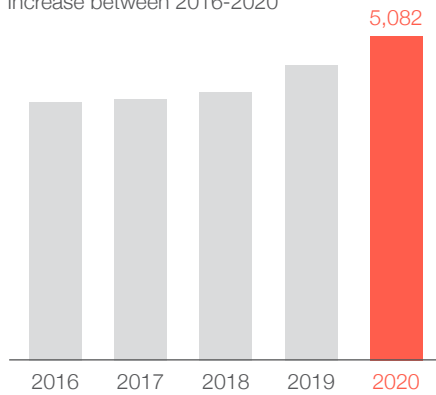
(3) <https://h2020.org.tr/tr#sections>

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

#### Total R&D Employees of the Koç Group Companies

20%

Increase between 2016-2020



- The Comrade project, in which **Koçtaş** was involved with **KoçSistem**, advanced to the second stage in ITEA3.
- The Oxilate ITEA3 and EFICAS Eureka projects of **TürkTraktör** were initiated.

#### Innovation Collaborations, Projects and Platforms

- Under the leadership of **Arçelik**, the “Smart Homes” TÜBİTAK SAYEM project, in which stakeholders such as **Arçelik-LG**, METU etc. participate together, was qualified to the second phase.
- The “Nanosis” 1004 Center of Excellence Project, led by Sabancı University Nanotechnology Research and Application Center (SUNUM), which also includes **Arçelik**, was qualified to enter the second phase.
- **Arçelik** has the highest number of projects, with 16 TÜBİTAK 2244 Industry Doctorate Program projects conducted with **Koç University**, ITU, METU, Sabancı University, Özyeğin University and Marmara University.
- **Tofaş** received four project approvals with Yıldız Technical University, ITU and **Koç University** within the scope of TÜBİTAK 2244.
- Work has started on the “MICRO-JET” project, which **Tüpraş** participated in with its TÜBİTAK ARDEB 1003 program together with organizations such as Boğaziçi University, THY and Opet.
- Two TÜBİTAK 2244 projects applied by **Tüpraş** with **Koç University** and Eskişehir Technical University have been accepted.
- The “CV Parsing” project is being carried out with the cooperation of **Yapı Kredi Technology** and **KoçDigital** to ensure fast and effective evaluation of job applications.
- **Yapı Kredi Technology** was one of the sponsors of the “BigBang Startup Challenge” competition as well as providing mentoring support to entrepreneurs with ITU Çekirdek.
- Three projects being undertaken by **Aygaz** continue within the scope of TÜBİTAK TEYDEB 1501.
- The project for integration of the local Ecotorq engine into buses, jointly carried out by **Otokar** and **Ford Otosan** within the scope of TEYDEB 1501, has been completed.
- The “MERCURY” project presented by **Koçfinans** in the TEYDEB 1501 program in cooperation with Marmara University was approved.
- **Koç Bilgi ve Savunma** is developing Turkey's first national underwater mine with TÜBİTAK SAGE and MKE within the scope of TÜBİTAK 1007 and 1511 and the underwater surveillance network system with ASELSAN.
- The “Data Scientist Training Program” was launched in cooperation with **KoçDigital** and **Koç University**. Within KoçDigital Academy, the “Data & Analytics for Business Program” is organized with the Boston Consulting Group (BCG) and Koç University.
- **KoçDigital**, ITU, Boğaziçi University, Koç University and the İzmir University of Economics held webinars on the Internet of Things and Artificial Intelligence within the scope of open innovation.
- Within the scope of TEYDEB 1511 “Smart Factory” project undertaken jointly by **KoçSistem** and **Ford Otosan**, the KoçDigital Platform360 product was put in place at Ford Otosan's Gölcük Plant.
- **Inventram** has invested in Vispera, which serves manufacturers operating in the retail sector with automatic product recognition technology from pictures, and nanoGriptech, the first commercial manufacturer of micro-fiber polymer-based dry adhesive technology.



## The Koç Innovation Program

### The Koç Group Innovation Strategy

1. Building a culture of innovation and creating the right working environment to enhance our innovation capacity
2. Cultivating corporate entrepreneurship across the Group and supporting employees' entrepreneurial spirit and efforts
3. Extending innovative endeavors not only across product and service development activities, but in all business units and operations
4. Increasing partnership with external stakeholders, an important source of innovation, and managing these collaborations more effectively
5. Managing innovative operations via clear processes to ensure sustainability

In order to implement its innovation strategy, Koç Holding has been conducting the Koç Innovation Program since 2014. As part of this program, innovation management infrastructures are built up at Koç Group companies in line with the self-developed Koç Innovation Management Model.

Within the scope of the program, corporate entrepreneurs - who are instrumental in bringing innovation to life - are supported through various training programs, mentors, new project management techniques and awards. In addition, efforts are undertaken to ensure business model innovation and increase open innovation capacity. Working methods similar to startups are encouraged in innovation projects to decrease time to market and costs. Thanks to all these efforts, the Group aims to grow, build a culture of innovation and cultivate corporate entrepreneurs.

As of the end of 2020, 10 Group companies are participating in this voluntary program. As a result of efforts within the scope of the program, new products and services have been launched leading to generation of

additional revenues. Since the start of the program, more than 230 internal startups have been turned into projects, with 25 new products / services brought to the market and three companies were established. On the other hand, the companies included in the program have cooperated with over 120 startups in order to support their own work and the entrepreneurship ecosystem.

As a result of these projects, both the Koç Innovation Program and the Group companies within the scope of the program and the innovation projects carried out at these companies gained recognition with a number of awards.

### Highlights of companies included in the Koç Innovation Program:

- **Aygaz** continued to reap the rewards of its innovation activities, which are carried out systematically. The Aykargo project, developed in recent years, became a separate company in 2020. Aykargo aims to become a technological cargo company focused on e-commerce providing services throughout Turkey in the coming years.
- In addition to the corporate entrepreneurship and open innovation activities, which continue successfully and in a scaled manner, **Ford Otosan** has launched an idea campaign as part of the efforts to tackle COVID-19. The campaign attracted 556 ideas in the period of just two weeks. Approximately 120 ideas were implemented within the scope of back-to-work efforts at the plants and work areas. The implemented innovative projects attracted acclaim with 7 awards.
- **Inventram** continued to expand the sphere of influence of the iPreferred Partners program to roll out open innovation. In this context, it brought the startups together with companies both within and outside the Koç Group,

paving the way for the creation of mutual added value. In addition, it helped its stakeholders improve relations with entrepreneurial ecosystems abroad.

- **Opet Fuchs** continued to develop existing corporate entrepreneurship projects. Fullcheck Shop, which is a business model innovation project, was awarded the "Golden Award" in the "Business Transformation" category at the SAP Quality Awards 2020.
- **Otokoç Otomotiv** expanded the number of projects which it commercialized as a result of its corporate entrepreneurship efforts to five, attracting new customers and increasing its revenues. It maintains contact with the ventures on the axis of commercial cooperation and investment. Otokoç Otomotiv's projects were deemed worthy of a number of awards.
- **Tat Gıda** continued its corporate entrepreneurship activities, steering their focus to new business models which can overcome the effects of COVID-19. It received 1<sup>st</sup> prize in the corporate entrepreneurship category at the Corporate & Startup Day event held in February 2020 in recognition of its SEK Quark project.
- **Tüpraş** was able to commercialize two projects as a result of its corporate entrepreneurship efforts. It took an important step in cooperation with startups, signing a long-term cooperation agreement with the Emerald Industrial Innovation Fund, which is an international venture capital fund, to invest in new technology companies in the USA and Europe.
- **TürkTraktör** participated in the Koç Innovation Program in 2020, completing the required infrastructure for innovation management and corporate entrepreneurship.

## Intellectual Property

### Turkey's largest intellectual property portfolio with

- > 8,600 trademarks
- > 2,900 patent families
- > 4,800 patents
- > 1,000 industrial designs
- > 5,700 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 8,600 trademarks, over 2,900 patent families and over 4,800 patents, more than 1,000 industrial designs and over 5,700 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 2,400 patent and utility model applications in the last 5 years including 197 in 2020.

In 2020, Arçelik successfully represented Turkey in the international arena by ranking 100<sup>th</sup> with its 253 applications in the World Intellectual Property Organization's "PCT System Top Applicants List".

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.

# Energy

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





## Energy

The Brent oil price started the year 2020 at USD 66.1 /barrel. With the fight over oil supply coming at the same time as the demand shock brought about by the Coronavirus pandemic, a rapid decline in oil prices was seen with prices sliding to as low as USD 13.2 /barrel, the lowest levels in the last 20 years. However, the compliance of the OPEC+ members with the cut off agreement, the economic measures announced and increased use of personal vehicles supported crude oil prices. The upward trend which began in June continued until the end of August. Brent oil prices, which maintained their volatile course due to the renewed surge in Coronavirus cases and the delayed recovery in the aviation sector, closed the year at USD 50.5 /barrel. The average annual crude oil price for the year stood at USD 41.7 /barrel, 35% lower than the 2019 average.

Demand for petroleum products got off to a weak start in 2020 due to the slowdown in the global economy and the relatively mild winter weather with temperatures above their seasonal norms. Subsequently, lockdown measures taken to tackle COVID-19 precipitated an unprecedented contraction in demand. With global aviation activities grinding to a halt with the cancellation of international and regional flights, the severest negative impact was observed in demand for jet fuel. The decline in demand for road fuels resulting from the lockdown measures suppressed product margins throughout the year. According to figures released by the Energy Market Regulatory Authority (EMRA), the steepest decrease was seen in consumption of jet fuel, which declined to 2.4 million tons, marking a 54% decrease. Consumption of gasoline decreased by 3% compared to the previous year to 2.4 million tons with diesel consumption increasing by 1% to 25.2 million tons.



### Developments in the LPG sector

Turkey is the 10<sup>th</sup> largest LPG market in the world and the 2<sup>nd</sup> largest in Europe. Turkey became the world's largest market for autogas, also having the world's largest vehicle fleet and widest LPG and station network.

According to EMRA's data in 2020, which was shaped by the effects of the pandemic, LPG consumption stood at 3.9 million tons - a decrease of 7% compared to the same period of the previous year. The autogas market contracted by 9% to 3.1 million tons, while cylinder gas market decreased by 1% to 0.7 million tons.

As of end of 2020, Turkey's total LPG demand was split as 79% autogas, 19% cylinder gas and 2% bulk.

### Developments in the electricity sector

According to Turkish Electricity Transmission Corporation (TEİAŞ) data, in 2020 Turkey's installed power generation capacity increased by 5% to 95,891 MW. Private sector generation facilities operating in the free market comprised the lion's share with 67.5% of this amount, of which public generation plants accounted for a 22.3% share, and unlicensed plants had a 7.1%

share in the total. The share of generation plants operating with the Build-Operate and the Build-Operate-Transfer model is 3.1%.

Of the installed power generation capacity, 32.3% consists of hydroelectric power plants, 26.8% of natural gas power plants, 21.2% of coal power plants, 9.2% of wind power plants, 7% of solar power plants and 3.6% of other renewable and thermal power plants.

The decision was taken to maintain the limit applied for the Last Resource Supply Tariff at 7 million kWh. In addition, with the decision taken at the end of 2020, the free consumer limit was reduced to 1,200 kWh.

At Enerji Piyasaları İşletme A.Ş. (Energy Markets Operations Inc.), the upper limit application on the market swap price was put in place with this figure to be twice the average price over the last 12 months starting from two months in advance, to be effective from October. This regulation restricted the ability of electricity producers to reflect their costs to their bid prices.





### The Koç Group in the Energy Sector

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

### Companies and Domestic Positions

#### Tüpraş

Turkey's **biggest refining capacity**

#### Aygaz

#1 LPG distribution company  
#1 Cylinder gas  
#1 Autogas

#### Opet

#2 Fuel distribution company

#### Entek

A growing player in power generation

### 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 sea and rail transport fleet
- Additional added value in the supply and sales chain with an international office
- High storage capacity
- Widespread LPG and fuel oil distribution network
- Strong brand value
- High and sustainable customer satisfaction
- Good practices in the environment and energy issues



Tüpraş is the largest industrial company in Turkey.

### Ownership Structure



### Domestic Position

**75%** of Turkey's current **refining capacity**

**Leader in petroleum fuel products** market consisting of gasoline, diesel, fuel oil and jet fuel

### International Position

The **7<sup>th</sup>** largest **refining capacity** in Europe and **26<sup>th</sup>** largest in the world.

### Awards and Achievements

#### Turkey's Largest Company

1<sup>st</sup> place in lists of the largest companies in Turkey (ISO 500, Capital 500, Fortune 500)

#### Energy Efficiency Success

The Kırıkkale Refinery ranked second in the Energy Efficiency in Industry (SENER) Project Competition in recognition of its "Energy Optimization Studies" project, with the work performed in line with the energy efficiency strategy. The İzmit Refinery won the Jury Special Award with the "Hydro-process Units Operational Energy Optimization" Project.

#### Export Champion

1<sup>st</sup> place in the "Chemical Substances and Products Sector" category and 3<sup>rd</sup> place in general ranking in the Turkish Exporters Assembly (TEA) survey

#### Pioneer in Digitalization in its Industry

The "Digitalization Award" in the "Energy and Petroleum Sector" category within the scope of the "digitalization" theme of the Platinum Global 100 Index

#### Sustainable Business Awards

1<sup>st</sup> prize in the "Waste Management" category with the Industrial Symbiosis Applications Project at the İzmit Refinery

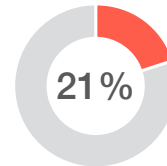
#### Social Responsibility Awards

The social responsibility project, "Our Energy to the Future: I Code, I Model, I Produce" received "Together Possible" award and the "Smart Helmet" project received "Digitalization" award in the "A Common Future is Possible Together" competition held by the Turkey Employers' Unions Confederation (TİSK).

### Financial Indicators

| (TL million)                         | 2019   | 2020    |
|--------------------------------------|--------|---------|
| Total Revenues                       | 89,601 | 63,244  |
| Operating Profit/(Loss) <sup>1</sup> | 3,136  | (167)   |
| Profit/(Loss) Before Tax             | (311)  | (3,795) |
| Net Profit/(Loss) <sup>2</sup>       | 526    | (2,494) |

#### Share of International Revenues



(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.



Established in 1983, Tüpraş has a total refining capacity of 30 million tons 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 creates.

### Meeting the a high portion of national demand, despite the negative effects of the pandemic

Since the early days of the pandemic, Tüpraş successfully fulfilled its duty to meet Turkey's fuel needs without allowing any disruptions and maintained its safe production priority, obtaining the COVID-19 TSE Safe Production Certificate in all of its refineries.

Due to the negative effects of the decreasing global demand as a result of the COVID-19 pandemic the refinery operated at an 82% capacity utilization rate and produced 23.4 million tons with a total optimum charge of 24.6 million tons. The higher value white product yield stood at 81.5%, 2.5 points higher than last year's figure. During this period, jet fuel production declined to a minimum within the scope of production optimization, due in large part to the relatively severe impact on demand for jet fuel. In 2020, Tüpraş achieved 24.5 million tons in sales volumes, including export and transit sales, while meeting the majority of the country's demand, with 19.8 million tons of domestic sales.

Despite being a year of great difficulty for the economy, Tüpraş was able to maintain a strong balance sheet during 2020 thanks to the effective financing policies which it implemented. With its qualified human resources and global competitiveness, the Company continues to create added value for its shareholders, business partners and for Turkey as a whole.

### Contribution to the circular economy through efficiency and reduced use of resources in production

Tüpraş follows up and implements new business models and seizes opportunities which will offer contributions in the field of efficiency/sustainability. In this context, Tüpraş signed a cooperation agreement with the Emerald Industrial Innovation Fund, an International Venture Capital Fund.



Tüpraş saved 712,000 GJ of energy with 30 efficiency projects in 2020, while reducing CO<sub>2</sub> emissions by 433,000 tons with 108 projects in the last five years. The Company's energy density index value, measuring the energy efficiency performance of refineries, declined to 97.6, improving 22 points compared to 2008.

The Company recycled 102 million m<sup>3</sup> of wastewater over the past five years, ensuring its reuse. Crude water consumption per unit of processed crude oil was reduced by 23%. The wastewater recovery and water efficiency measures implemented over the last five years have yielded water savings equivalent to the annual water consumption of a city of 2.5 million inhabitants.

Tüpraş, which closely follows the global energy transformation, is part of the TÜSİAD (Turkish Industry and Business Association) Green Deal Task Force within the scope of the European Green Deal (the Green Deal) work.

The Company employed female field operators and technicians in its organization within the scope of its work on gender equality. Tüpraş continues to add value to society through its projects in the fields of education, the environment, art and culture and social gender equality.

### Forward-looking expectations

In 2021, the Mediterranean refining margin, which is the most important indicator of refining performance, is expected

to be at USD 0.0-0.5 per barrel and the Tüpraş net refinery margin to be at USD 2.5-3.5 per barrel. In 2021 Tüpraş projects approximately 26-27 million tons of production and a total sales volume of approximately 26-27 million tons.

### Ditaş, Körfez Ulaştırma and Tupras Trading Ltd

About 80% of Ditaş's shares are held by Tüpraş. Ditaş has Turkey's largest fleet of tankers for fuel oil products, with a total of 14 tankers commanding a carrying capacity of approximately 703,000 DWT. The company provides an important operational and cost advantage for Tüpraş. The tug and mooring services required by Tüpraş at the İzmit and Aliğa ports are carried out with 13 tugs, six mooring vessels, three service vessels and one pilot craft.

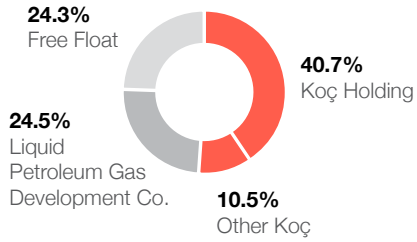
Körfez Ulaştırma, 100% owned by Tüpraş, transported 1.5 million tons of fuel and intermediate products while acting as an organizer in the transportation of 170,000 tons of iron ore. The share of road transportation in total road and rail transportation fell from 38% in 2017 to 8% in 2020. In addition to the economic benefit provided, social and environmental benefits were provided by reducing tanker traffic on the highways.

Tupras Trading Ltd started its operations as a branch in London in 2019 and was transformed into a subsidiary in 2020. It continued to contribute positively to Tüpraş's fuel trading activities, principally exports.

## The unwavering leader of the LPG sector



### Domestic Position



### Awards and Achievements

**Leader of the LPG sector** since its establishment in 1961

**Leader** in the overall LPG market with **26%** market share

### Awards and Achievements

#### Outstanding Taste Award

Honored with the “Remarkable Taste, Superior Taste Award” for all products produced at the Uludağ and Nazilli sources of Pürsu, a brand of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. by International Taste Institute

#### Best Workplace Award

The “Turkey’s Best Workplace” award in the Kincentric survey

#### The Best Corporate Publication

Winner of the “Silver Award” in the “Best Corporate Publication” category for Aygaz’s corporate publication, Aygaz World in the Stevie International Business Awards

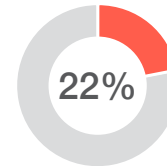
### Financial Indicators

| (TL million)                         | 2019   | 2020   |
|--------------------------------------|--------|--------|
| Total Revenues                       | 10,211 | 10,145 |
| Operating Profit/(Loss) <sup>1</sup> | 362    | 292    |
| Profit/(Loss) Before Tax             | 306    | 31     |
| Net Profit/(Loss) <sup>2</sup>       | 273    | (25)   |

(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.

### Share of International Revenues





Established in 1961, Aygaz is the first and only publicly listed company operating in the LPG sector. The Company is the 22<sup>nd</sup> largest in Turkey as per İstanbul Chamber of Industry rankings.

According to an independent research study carried out since 2003, Aygaz consistently has the highest level of customer satisfaction of any brand in both the cylinder gas and autogas markets.

### **Aygaz continues to lead the sector with its effective dealer and distribution network.**

Aygaz realized 2,150 million tons of LPG sales in 2020.

Providing services across Turkey with the Aygaz and Mogaz brands, Aygaz has more than 2,300 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 2020, the Company sold a total of 297,000 tons of cylinder gas.

Aygaz has Turkey's most extensive autogas distribution network of over 1,700 licensed autogas stations. The Company recorded 664,000 tons of autogas sales in 2020.

### **Ongoing processes and international activities**

In 2020, Aygaz and its subsidiaries undertook TL 90 million in investment mainly in facility modernization, new autogas stations, cylinder, environment and safety. In addition, within the scope of the efforts to establish a joint venture with United Enterprises, one of the largest companies in Bangladesh, to supply, fill and distribute LPG in the country, the transfer of a 50% stake in United LPG Ltd. to Aygaz was completed in January 2021. The decision was taken to change the name of the Joint Venture to United Aygaz LPG Ltd.

The Aykargo Cargo Distribution Project started as an corporate entrepreneurship project which would operate in the cargo



distribution sector, which has been growing in parallel with developments in e-commerce and the economy. The activities within the scope of the Aykargo Cargo Distribution Project will continue through Aygaz Aykargo Dağıtım Hizmetleri A.Ş. (Distribution Services), which will operate exclusively in the field of cargo distribution services, by using Aygaz's dealer network and home delivery expertise.

Following evaluations of similar practices and developments in the sector, by closely following up opportunities in international markets, Aygaz opened a branch in London (Aygaz UK) in 2019 to carry out the LPG trade with the objectives of increasing its trade volume with third parties in foreign markets, supporting importing, exporting and transit operations and generating additional value from the supply chain.

### **Forward-looking expectations**

Aygaz's main target is to be the leading company offering energy solutions in the fields of LPG and natural gas to the domestic market as well as to potential new markets.

Aygaz's strategic priorities include; Maintaining its leadership in the LPG sector by:

- Investing in the future with the responsibility of being reputable, reliable and the closest brand to the consumer,

- Keeping high safety standards and product quality in the foreground,
- Developing innovative products and services with solutions that focus on innovation and digitalization.

Achieving sustainable growth to carry Aygaz ahead by:

- Evaluating domestic and foreign acquisitions, merger and investment opportunities,
- Increasing efficiency in all processes from LPG procurement to sale,
- Aiming to create value for all stakeholders.

In 2021, Aygaz expects sales volume of 285-295 tons in cylinder gas and 700-730 tons in autogas.

### **Aygaz Doğal Gaz**

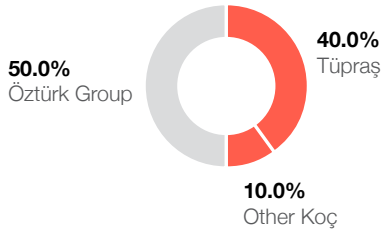
Established in 2004 and a subsidiary of Aygaz, Aygaz Doğal Gaz is engaged in the sale of natural gas through pipelines to eligible consumers. It also has wholesale and transmission operations to provide liquefied natural gas (LNG) to customers who do not have access to natural gas by pipeline through special transport vehicles. Aygaz Doğal Gaz reached a sales volume of 0.55 billion m<sup>3</sup> in 2020.





Opet provides superior products and services to its customers through its distribution network of 1,766 stations.

### Ownership Structure



### Domestic Position

2<sup>nd</sup> in white products with **19.4%** market share

2<sup>nd</sup> in black products with **26.3%** market share

### Awards and Achievements

#### The Most Technological Brand

The “Most Technological Brand” in the “Fuel Sector” category at the Tech Brands Turkey awards

#### Human Resources Awards

Winner of the “Silver Award” in the “Success in Human Resources Management” category at the Stevie International Business Awards, in recognition of its “Employee Loyalty” program. Also winner of the “Turkey’s Best Workplace” award in the Kincentric survey.

#### The Most Valuable and Powerful Brand

Selected as “Turkey’s Most Valuable and Powerful Brand” in the “Fuel Sector” category in the Brand Finance survey, and ranked at the 4<sup>th</sup> among the most powerful brands

#### The Most Reputed Brand

Recognized as the “Most Reputed Brand” in the “Fuel Sector” category in the Turkey Reputation Index

#### The Most Reputable Business Partner

Winner of the “Turkey’s Most Reputable Business Partner” award in the “Fuel Sector” category at the B2B Excellence Awards

#### “Champions of the Digital Arena” in the Digital Transformation Awards

Second place award with the “Customer Verification System” in the “Digital Disrupter” category and with the “Digital Education Platform” in the “Talent Accelerator” category of the IDC DX Summit. Third place in the “DX Gamechanger” category with the “Market Automation-Technopod Project”.

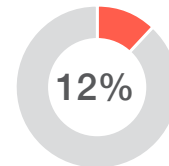
### Financial Indicators

| (TL million)                         | 2019   | 2020          |
|--------------------------------------|--------|---------------|
| Total Revenues                       | 46,381 | <b>38,623</b> |
| Operating Profit/(Loss) <sup>1</sup> | 989    | <b>514</b>    |
| Profit/(Loss) Before Tax             | 549    | <b>(51)</b>   |
| Net Profit/(Loss) <sup>2</sup>       | 452    | <b>(102)</b>  |

(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.

#### Share of International Revenues



Established by the Öztürk Family in 1992, Opet has been jointly 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 900 employees, 1,766 stations including the Sunpet brand and 1.1 million m<sup>3</sup> 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. It also supplies and sells jet fuel via THY-Opet, a 50-50% partnership with Turkish Airlines.

#### **Opet maintained its number 2 position in 2020.**

Opet achieved sales growth in line with the market during 2020 thanks to its well-established dealer network. The Company ranks second with a 19.4% market share in white products and 26.3% in black products. The Company became the market leader in the retail sector on a monthly basis in July and October.

Opet's subsidiary THY-Opet, which serves a number of domestic and international airlines in all airports throughout Turkey, reached jet fuel sales of 794,000 m<sup>3</sup> in 2020.

Opet implements numerous new projects in many fields aligned with its aim of being the first choice of customers with its "Perfect Service Understanding".



#### **Leading the way with its social awareness projects**

Since its establishment, Opet has made a name for itself with the social awareness projects it has developed for the benefit of society outside its field of activity. These social responsibility projects, which respond to social problems and needs, are implemented in a manner focused on change and which is sustainable and result-oriented. In the "Clean Toilet Campaign", which has been ongoing since 2000, awareness of hygiene and cleanliness - the importance of which has become better understood better during the pandemic period - was raised throughout across Turkey. In the "Green Road Project", initiated in 2004, work was carried to bring greenery to petrol stations and their surroundings, and in areas without trees as determined by the municipalities and in line with the climatic conditions. The "Exemplary Village Project" was initiated in 2005 with the aim of helping villages become self-sufficient and to make use of their historical, geographical and cultural potential. The next project was the "Respect for History Project" which was implemented in 2006 to give the historic Gallipoli Peninsula a contemporary appearance by preserving its natural texture. Among the projects to mark 2018, the Year of Troy, the "Archeo-village Tevfikiye" and "Ethno-

village Naked" projects were carried out as a result of the renovation work in the villages around the ancient city of Troy. The "Traffic Detectives Project", which aims to transform learner drivers into competent drivers who thoroughly know the rules of the road, started in 2013. The "Power of Women Project", developed to increase women's employment in Opet stations, has been generating a social impact in terms of social gender equality and employment since 2018.

#### **Forward-looking expectations**

Opet's main priority is to maintain customer satisfaction while growing above the sector without compromising profitability. 2021 is expected to be a year of investments in line with these objectives.

In line with this strategy, the company will continue to expand across the country in the Ultramarket project, which is one of the non-fuel development areas that the company initiated in 2019. However, it will also be a pioneer of innovation in different non-fuel channels.

Opet aims to be the pioneering company in its sector in this field by continuing to take decisive steps within the scope of the digital transformation.



## Entek aims to be an integrated player in the electricity market.

One of Turkey's first private sector auto-producer companies, Entek was established in 1995 with the purpose of supplying electricity and steam to its customers. The Company, which started production in December 1998, has a total installed capacity of 377 MW. As of the end of 2019, Entek generates electricity via eight hydroelectric power plants (HEPPs) with total capacity of 265 MW located in Kahramanmaraş, Karaman, Samsun and Mersin and one 112 MW natural gas combined cycle power plant in Kocaeli.

Entek holds a 100% stake in Menzelet Kılavuzlu Elektrik Üretimi A.Ş. which includes the Menzelet and Kılavuzlu HEPPs acquired through privatization, a 100% stake in Eltek, which is active in the field of wholesale electricity sales, and a 0.05% stake in Enerji Piyasaları İşletme A.Ş. which was established to operate the Energy Exchange.

Entek considers the trend of reasonable asset prices in the electricity sector as an opportunity for growth. Within this scope, the Company acquired three HEPPs in the Mersin Mut region, with a combined capacity of 24 MW in 2017. Entek also submitted the highest bid and won a privatization tender for the Menzelet and Kılavuzlu HEPPs (178 MW) with operating rights for a period of 49 years. On 9 March 2018 the Menzelet and Kılavuzlu

HEPPs were taken over by Menzelet Kılavuzlu Elektrik Üretimi A.Ş. and became operational.

In 2020, Entek realized total sales of 2.9 billion kWh and consolidated revenues of TL 1,257 million.

Competition in the electricity market continued to intensify with the addition of new technology and high efficiency power plants. This has precipitated the withdrawal of low efficiency natural gas fired power generation plants from the market. The Kocaeli plant continues its operations with the advantage of selling directly to nearby electricity and steam customers, and added a new customer to its portfolio. In accordance with market developments and the size of the customer portfolio, the 15 MW steam turbine which was dropped from the license in 2019 was re-licensed, and the installed power of the plant was increased to 112 MW. The period in which the Azmak, Damlapınar and Kepezkaya HEPPs, which are in the Entek portfolio, were able to benefit from YEKDEM expired at the end of 2020.

### Forward-looking expectations

Entek prioritizes resource diversity and renewable energy investments with the aim of becoming an integrated and leading energy market player. It also closely monitors other market activities such as electricity distribution and retail

sales. In order to reach a balanced portfolio structure and increase its market share in the coming period, the company plans to maintain its electricity generation investments and asset acquisitions, while seeking opportunities in the fields of electricity distribution and retail sales.

In addition, with the goal of being one of the leaders of the energy transformation, the Company aims to become an energy solution partner for its customers, to add value to all of its stakeholders with energy solutions, especially in the areas of distributed production, energy efficiency and electric vehicle charging solutions. Established in 2020, the Energy Solutions Department started its work to implement projects with performance-based contracts.

### Major awards and achievements

- "Best Workplace" award from Kincentric for the second time in a row and from Global Economics
- "Most Sustainable Energy Company" award and the "Best Renewable Energy Company" award at the International Finance Awards; the "Most Sustainable Energy Company" award from the Global Economics
- "Best Hydroelectric Power Plant of the Year" and the "Best Commercial and Industrial Electricity Generation" awards from Global Business Outlook









# Automotive

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





arka

## Automotive

### Developments in the automotive sector

The Turkish automotive market demonstrated record growth in 2020, mainly on the back of changing transportation preferences of individuals amid COVID-19 pandemic, falling interest rates on auto loans, a surge in demand for commercial vehicles with the help of the growth in e-commerce, an expectation that car prices would soon rise and the low base effect from 2019. According to the Automotive Manufacturers Association (OSD), total sales increased by 62% to 796,200 units in 2020. Sales of passenger vehicles increased by 58% when compared to the previous year to reach 610,109 units, while sales of light commercial vehicles increased by 77% to 162,679 units. A total of 23,412 heavy commercial vehicles were sold, marking a rise of 82% when compared to the previous year.

Halts in production within the scope of pandemic measures and the contraction in international markets negatively affected automotive exports and production in 2020. According to OSD data, Turkish automotive exports fell by 27% year-on-year in 2020 to end the year at 916,543 units, while export revenues in the sector came in at USD 25.9 billion, decreasing 17%. However, the automotive sector remained the leading industry in Turkish exports. In Europe, Turkey's most important export market, demand



for passenger cars declined by 24% compared to the previous year while demand for light commercial vehicles declined by 18%. Despite a weakening in export demand and production halts, buoyant demand in the domestic market limited the contraction in automotive production, which decreased by 11% year-on-year to 1.3 million units.

In 2020, the Turkish bus market increased by 2% compared to the previous year, excluding intercity bus segment. Total bus exports, on the other hand, declined by 27%.

### Developments in the tractor market

Turkey is Europe's third 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 48,270 units in 2020, exhibiting an increase of 87% compared to the previous year.

According to figures published by The Turkish Association of Agricultural Machinery & Equipment Manufacturers (TARMAKBIR), exports fell by 14% to be realized at 14,654 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

45% of Turkey's automotive production and 41% of its exports are carried out by the Koç Group companies.

### Companies and Domestic Positions

#### Ford Otosan

#1 in Commercial vehicles  
#2 in Trucks  
#7 in Passenger cars

#### Tofaş

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

#### TürkTraktör

#1 in Tractors

#### Otokar

#1 in Buses

#### Otokoç

#1 in Automotive retailing  
#1 in Car rental

### Competitive Advantages

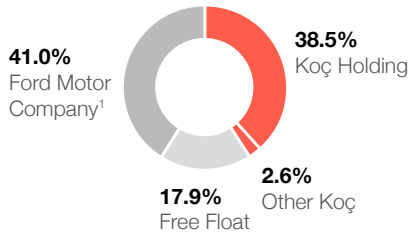
- Economies of scale and leadership positions
- High growth potential due to low penetration of vehicle ownership in Turkey
- Established international partnerships and export contracts
- Largest sales, after-sales and service network in Turkey
- Strong brand value
- Highest number of R&D employees in the Turkish automotive sector
- Continuous investments
- Focus on efficiency and product diversity



## FORD OTOSAN

Realizing 79% of Turkey's commercial vehicle exports, Ford Otosan maintained its leadership in exports of Turkey.

### Ownership Structure



### Domestic Position

**3<sup>rd</sup>** in total vehicle sales with a **12.4%** market share

**Leader** in commercial vehicles with a record **39.1%** market share

**7<sup>th</sup>** in the passenger car market with **4.5%** market share

### International Position

Exports to **78 countries across 5 continents**

Accounts for **79%** of Turkey's commercial vehicle exports

Ford's **highest commercial vehicle market share** in Europe

Ford's **largest commercial vehicle manufacturing hub** in Europe

### Awards and Achievements

#### Turkey's Leading Exporter

Ford Otosan, which has been Turkey's leading exporter for the 6<sup>th</sup> consecutive year as well as Turkey's leading exporter in the automotive sector for the 10<sup>th</sup> consecutive year, won first prize in the "Architecture, Engineering, Scientific and Other Technical Services" category in the awards presented by the Services Exporters Association of Turkey for the 5<sup>th</sup> consecutive year.

#### Best Employer Award

Received the "Turkey's Best Employer" Award in the Kincentric survey

#### Ford Transit and Transit Custom win Euro NCAP award

Ford Otosan won the "Gold Award" for Transit and the "Silver Award" for Transit Custom in the active safety test conducted for the first time by Euro NCAP (European New Car Assessment Program)

#### Transformation Leader In Turbulent Times

Winner of the award in "Transformation Leader in Turbulent Times" category from the European Institute for Purchasing Management

#### Occupational Health and Safety Awards

Occupational Health and Safety Awards awarded in 9 different branches at Ford Motor Company's annual "President's Health and Safety Awards"

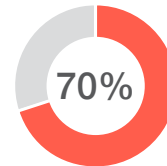
#### Innovation Awards

Received 7 awards at the Ford VCSE (Vehicle Component and System Engineering) Innovation Awards in recognition of its innovative product and service delivery projects developed by employees and which benefit the community

### Financial Indicators

| (TL million)                         | 2019   | 2020   |
|--------------------------------------|--------|--------|
| Total Revenues                       | 39,209 | 49,451 |
| Operating Profit/(Loss) <sup>2</sup> | 2,649  | 4,476  |
| Profit/(Loss) Before Tax             | 1,950  | 4,108  |
| Net Profit/(Loss) <sup>3</sup>       | 1,959  | 4,195  |

### Share of International Revenues



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

(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



Established in 1959, today Ford Otosan is Ford's largest commercial vehicle production hub in Europe and Turkey's largest exporter. The Company is the largest automotive manufacturer in Turkey with a production capacity of 455,000 commercial vehicles, 75,000 engines, and 140,000 powertrains.

Ford Otosan has operations in three main centers; Kocaeli (Gölcük and Yeniköy plants), Eskişehir (Eskişehir plant) and İstanbul (Sancaktepe R&D center and spare parts warehouse). It has the largest workforce in the Turkish automotive sector with 12,517 employees and 1,413 R&D employees. 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 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 is an unwavering leader in the Turkish commercial vehicle market and Turkey's leading exporter.**

Ford Otosan has pressed ahead with its profitable growth strategy in commercial vehicles, maintaining its undisputed leadership with a record 39.1% market share. It also continued to implement its profit-oriented strategy in passenger cars, realizing a market share of 4.5%. 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".

Ford brand retained the title of being the leader in commercial vehicle market in Europe and reached a 14.6% share. Ford Otosan plays a pioneering role in this success, manufacturing 85% of the Transit series vehicles sold in Europe. Despite an upturn in Ford Otosan's exports in the last quarter of the year, with an increase in the quarter compared to the previous year, due to the contraction in Europe brought



about by the pandemic, total sales in 2020 fell by 24% to 254,000 units. The Company achieved record production and sales figures in the last quarter of the year as exports rebounded. Ford Otosan, which realized 79% of Turkey's commercial vehicles exports, held on to its position as Turkey's leading exporter in 2020, as it was in the previous five years.

#### **One of the most sustainable dividend payers on BIST.**

In 2020, a dividend amounting to TL 1,095 million was distributed. Due to the limitation on dividend distribution imposed by Presidential Decree, only the primary dividend was distributed.

#### **Ford Trucks strengthened its international position.**

In addition to expanding its share in the domestic market in the truck segment, Ford Trucks increased its share in all of the international markets where it operates compared to the previous year. International truck sales fell 16% to 2,530 units due to the pandemic.

#### **Incentives for "New Generation Commercial Vehicle" projects have been received.**

In the Kocaeli plants, the incentive application made within the scope of preliminary studies for product diversification and expansion investments related to the "New Generation Commercial Vehicle" projects, which are still undergoing feasibility studies and contract processes, has been approved and the granting of "Project Based State Aid" for these investments

was accepted by a Presidential Decree. In this context, a total of TL 20.5 billion is envisaged to be spent by mid-2026, with the employment of an additional 3,000 workers, an increase in production capacity from 440,000 to 650,000 units per year and the establishment of a 130,000-unit battery assembly plant.

#### **Ford's first fully electric commercial vehicle, the E-Transit, to be produced in Gölcük**

The E-Transit, Ford's first fully electric commercial vehicle, will be produced by Ford Otosan at the Gölcük Plant to be introduced to the market in 2022.

#### **Ford Otosan to establish Turkey's first battery assembly plant**

Ford Otosan aims to bring its battery assembly plant into operation in 2022, which will be Turkey's first and only integrated electric vehicle production facility.

#### **Forward-looking expectations**

The Turkish automotive sector is projected to shrink in 2021 due to the tightening monetary policy and the high base year effect. Ford Otosan's export volumes are expected to increase on the back of signing of a Free Trade Agreement between Turkey and the UK after Brexit, the continued positive impact of e-commerce in the European commercial vehicle market and Ford's strong market position in Europe. Profitability, on the other hand, will continue to be supported by a combination of cost-cutting measures and pricing discipline.

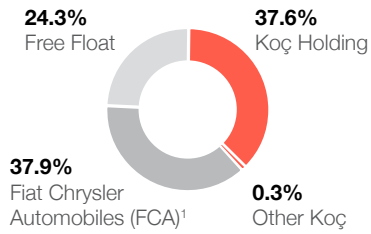


# TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

## Maintaining leadership in the Turkish automotive market with Fiat brand

### Ownership Structure



### Domestic Position

Fiat brand is the **leading** brand with its **17.8%** market share in the automotive sector

**Best-selling model (for 5 consecutive years)** Fiat Egea Sedan  
**2<sup>nd</sup> most popular light commercial vehicle brand**

Fiat Professional with a 27.6% market share

**Highest share of local production in the sector**

93% share in total sales

**19% of the total production in Turkey** with 251,000 units

### International Position

**13%** of Turkey's **total automotive exports**

The **2<sup>nd</sup> largest R&D center** of FCA in Europe

**One of the two most successful passenger/light commercial vehicle production factories of FCA**, scoring 81 points in the World Class Manufacturing (WCM) ranking

### Awards and Achievements

#### One of the top 10 Companies by Number of Patents

Ranked 7<sup>th</sup> in terms of the number of patents, with 23 patents registered by TÜRKPATENT

#### Ranked First in International Quality Awards

Was ranked 1<sup>st</sup> with its "Connected Supplier" project in the "System Improvement" category of the CQI (Chartered Quality Institute) International Quality Awards

#### The Most Reputable Automobile Brand

Fiat won the award as "The Most Reputable Brand of the Year" in the "Passenger Car" category in "The One Awards" handed out by Marketing Turkey

#### 9 International Awards for Human Resources Implementations

Awards for nine separate human resources implementations in different fields by Stevie's and the Brandon Hall Group

#### Exports Award

7<sup>th</sup> place in the survey published by the Turkey Exporters' Assembly (TİM)

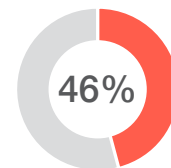
#### Ranked 1<sup>st</sup> in the Preventive Health Equipment Production Project

Was ranked 1<sup>st</sup> in the Sustainable Business Awards "Cooperation-COVID-19" category in recognition of its project for the production of preventive equipment to support healthcare workers in the fight against COVID-19

### Financial Indicators

| (TL million)                         | 2019   | 2020   |
|--------------------------------------|--------|--------|
| Total Revenues                       | 18.897 | 23,557 |
| Operating Profit/(Loss) <sup>2</sup> | 1.689  | 2,228  |
| Profit/(Loss) Before Tax             | 1.457  | 1,831  |
| Net Profit/(Loss) <sup>3</sup>       | 1.482  | 1,784  |

#### Share of International Revenues



(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 owns 100% of FCA Italy SpA, which has a 37.86% share in Tofaş.

(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



Tofaş, which dates back to 1968, is one of Turkey's leading industrial companies with an annual production capacity of 450,000 vehicles, nearly 7,000 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 designed to be the most successful automotive manufacturing factory within the WCM program in the FCA universe**

Having reached the "Golden Factory" level at the WCM standards in 2013, Tofaş increased its score by 4 points in the evaluation carried out in 2019, and achieved the highest score among the passenger car / light commercial vehicle manufacturing factories.

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

Despite the difficult conditions in 2020, Tofaş managed to increase its sales volume and maintained its leading position in 2020, which it achieved in 2019. Tofaş commanded an 18.4% market share in passenger cars and light commercial vehicles. In the domestic market, Tofaş ranked 2<sup>nd</sup> with a 15.9% market share among passenger car sales and a 27.6% market share among light commercial vehicles. Fiat brand became the market leader in terms of total sales of passenger cars and light commercial vehicles, with a 17.8% market share and sales of 137,000 vehicles.

With a strong performance in the domestic market, Tofaş produced 251,000 vehicles in 2020 and exported 118,000 vehicles, accounting for 13% of Turkey's total automotive exports.

**Egea family renewed and expanded with the Cross model.**

The Egea Sedan, production of which started at the end of 2015, maintained its position as the most popular vehicle in Turkey for a fifth year, achieving a market share of 13% in 2020 with 80,000 cars sold. Other members of the Egea series - the Hatchback and the Station Wagon - became best-selling models in their categories with sales of 10,000 hatchbacks and 1,000 station wagons.



According to a report prepared by the GTÜ, one of Germany's official vehicle inspection centers, which was published in the journal Auto Zeitung, Fiat Tipo was selected as the best vehicle in its class with an error rate of just 0.84 among 100 vehicles in the category of "Problems Requiring Repair as a Result of Control". This value was the best result ever achieved among vehicles produced under the FCA.

The Egea series, consisting of the Sedan, Hatchback and Station Wagon, has been renewed with a USD 225 million investment, with the Cross model being the latest addition to the series. Production and exports of the series with its renewed models started at the end of the year.

**Forward-looking expectations**

Tofaş will focus on its long-term sustainable growth target in 2021 and will continue to invest in R&D, technology and human resources. The successful performance achieved also with the support of the Egea family is expected to continue while the Company is projected to reap the reward of its recent investments in 2021.

Staking its claim on all segments of the domestic automotive market through a wide product portfolio meeting customer expectations, Tofaş plans to maintain the diversity it displays in export markets. The Company aims to maintain its competitiveness at the international level by taking advantage of its high quality, fast and flexible service concept which is backed by its digital technologies.

The Company will continue to provide a major contribution to the economy by maintaining its position as one of the most important players in the Turkish automotive sector both in terms of production and exports.

**Koç Fiat Kredi**

Koç Fiat Kredi's total loan portfolio stood at TL 2.85 billion with TL 2.8 billion provided for the purchase of around 36,000 cars during the year, financing 39% of Tofaş's retail sales. Koç Fiat Kredi continued to fund its growing loan portfolio through bank loans and issuances of securities. The total sum of these resources amounted to TL 2.8 billion as of the end of 2020. The securities issued had a nominal value of TL 250 million.

In 2020, the Company's national short-term credit rating was confirmed as (TR) A1+ and its long-term national credit rating as (TR) AA.

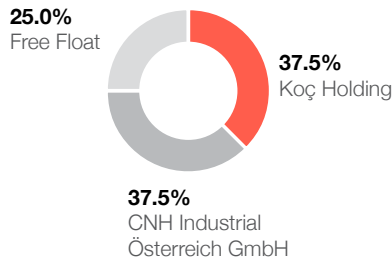
**Forward-looking expectations**

Koç Fiat Kredi aims to continue increasing efficiency in operational business processes with its technology projects which it plans to develop in 2021. The continued modernization process, initiated in the technical infrastructure and software of the Company's operational application used in the main headquarters and by the dealers, is aimed at rendering the application database manageable in micro segments, thus simplifying the development and maintenance processes.

## Leading the sector for 14 years

### TürkTraktör

#### Ownership Structure



#### Domestic Position

14 years of **uninterrupted leadership** in tractor market

**68%** of Turkey's **tractor production**

**86%** 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** 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

#### Awards and Achievements

##### Export Awards

Ranked 36<sup>th</sup> in Turkey and 1<sup>st</sup> in its sector according to Turkish Exporters Assembly (TIM) survey

Ranked 2<sup>nd</sup> in the "Stars of Export Competition" held by the Turkish Exporters Assembly (TIM) in the "Champions Without Borders" category which exports to the most countries and adds diversity to export products

##### One of the Top 500 Industrial Enterprises

Ranked 56<sup>th</sup> in the "Turkey's Top 500 Industrial Enterprises" survey conducted by the İstanbul Chamber of Industry

##### Patent Award

Ranked 10<sup>th</sup> in terms of the number of patents in the Turkish Time Magazine's "R&D 250" research

##### Among the 100 Most Valuable Brands

Ranked 37<sup>th</sup> in the 13<sup>th</sup> "Turkey's Most Valuable 100 Brands" report prepared by Brand Finance

##### Social Responsibility Project Award

Won the "Golden Glove" award in recognition of its "Conscious Farmer, Safe Agriculture" social responsibility project in the "Golden Gloves Competition" held by the Metal Industrialists' Union of Turkey (MESS)

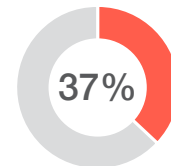
#### Financial Indicators

| (TL million)                         | 2019  | 2020  |
|--------------------------------------|-------|-------|
| Total Revenues                       | 3,806 | 6,243 |
| Operating Profit/(Loss) <sup>1</sup> | 281   | 965   |
| Profit/(Loss) Before Tax             | 109   | 874   |
| Net Profit/(Loss) <sup>2</sup>       | 112   | 776   |

(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

#### Share of International Revenues



The first producer in the Turkish automotive industry to still be in operation, TürkTraktör was established in 1954 and has become one of Turkey's most important corporations with exports to more than 130 countries, notably in the Americas. With an annual production capacity of 50,000 tractors, the Company offers the widest range of products in Turkey in the tractor and agricultural equipment market. Continuing its activities in the field of construction machinery, the Company is distinguished in the sector with its digital transformation investments.

#### **A 14<sup>th</sup> year of uninterrupted leadership in the Turkish tractor market**

TürkTraktör maintained its leadership in Turkey, that is the 4<sup>th</sup> largest market in the world. It has been the market leader in 22 of the last 34 years, and extended its unbroken run of leadership in the market for a 14<sup>th</sup> year in succession. In a year when Turkey's tractor production increased by 71%, TürkTraktör accounted for 68% of total tractor production in 2020. In addition, TürkTraktör alone realized 86% of Turkey's tractor exports.

#### **TürkTraktör has started domestic production in construction machines.**

With an additional TL 15 million investment undertaken at the Ankara plant, the production of domestic backhoe loader construction machines got underway in 2020. TürkTraktör used the AGV (Automated Guided Vehicle) System in a construction machine production line for the first time in Turkey. With an annual production capacity of 1,000 units, the plant manufactures machinery for New Holland and Case brands. At the same time, R&D studies are being carried out to increase the locality rate of New Holland and Case digger loader construction machines.

#### **Three new tractor models offered to customers in the export market.**

TürkTraktör continued its product development activities for both domestic and international markets and research activities within the scope of agricultural technologies at its R&D centers in Ankara



and İstanbul. Intensive R&D activities have been carried out in product development and the implementation of new technologies in 2020. In conclusion of the completed work, three new models were introduced, including the Case IH Farmall M, New Holland T4S and Case IH Farmall A, for export.

#### **Engines with Tier 5 emission level are developed for the first time by TürkTraktör R&D teams in Turkey.**

Following R&D activities involving exhaustive design and verification activities, engines with Tier 5 emission levels were developed for the first time by TürkTraktör in Turkey. With these engines, tractors which had been predominantly exported abroad in previous years, are ensured to be complied with the new EU emission standards, and to continue their successful export performance. In the first stage, the engines were integrated into the Case IH Farmall A and New Holland T4S models and sold in Europe.

#### **“Tarlam Cepte (mobile app)” rounds off its first year.**

Introduced to farmers in 2019, supporting the use of technology in agriculture and providing decision-making support to farmers in field studies, the “Tarlama Cepte” application reaches an increasing number of farmers. The application provides advice to farmers seeking to reduce input costs and increase operational efficiency in agriculture. A total of 335,000 decares of

land are currently being tracked through the application developed to create added value for agricultural production.

#### **Social responsibility projects continue.**

TürkTraktör implemented social responsibility projects which have supported groups ranging from farmers to health workers during the COVID-19 pandemic. The Company produced intubation and biological sampling booths for healthcare organizations during the pandemic period. In order to support sustainability of agricultural production, it offered the “Mobile Road Support” service for farmers, where they receive services at their locations. In addition, farmers benefit from the “Tarlama Cepte” application free of charge. The Company has also donated computers to support distance learning for students. The “Hygiene Project” was carried out in cooperation with Tat Gıda and support was extended to seasonal agricultural workers.

#### **Forward-looking expectations**

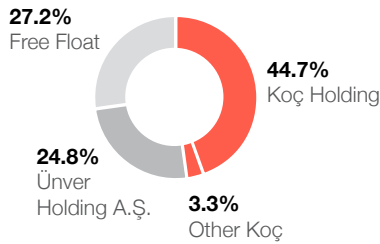
As it continues to work towards the development and sustainability of the agricultural sector in Turkey, TürkTraktör aims to add value to both industry and agriculture with digital transformation projects developed to increase efficiency in production, to maintain its leading position in the sector, and to continue achieving breakthroughs in the field of construction machinery.



## Otokar

A leading land systems and bus manufacturer, Otokar maintained its 12-year leadership in the Turkish bus market.

### Ownership Structure



### Domestic Position

**1 out of every 3 buses** sold in Otokar's existing total bus markets has the Otokar brand

**12 years of uninterrupted leadership** in the bus market

### International Position

Bus exports to **more than 50 countries**

Export of military vehicles to more than 50 users in **over 35 countries**

### Awards and Achievements

#### The Brand to have Increased Its Value the Most

Ranked 35<sup>th</sup> in the "Turkey's Most Valuable Brands - Turkey 100" survey conducted by Brand Finance, Otokar became the brand to have increased its value the most with a 140% increase in brand value.

#### High growth and exports

Ranked 142<sup>nd</sup> in the Fortune 500, having climbed 32 places, and the 48<sup>th</sup> largest exporter in Turkey

#### Turkey's Best Workplace

Winner of the "Turkey's Best Workplace" award in the Kincentric survey and the only defense industry company on the list

#### A First in The World

The "Safe Bus", the first time that four safe systems have been combined together in urban public transportation in the world, reduces the risk of transmission of the COVID-19.

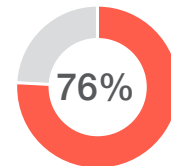
### Financial Indicators

| (TL million)                         | 2019  | 2020  |
|--------------------------------------|-------|-------|
| Total Revenues                       | 2,431 | 2,909 |
| Operating Profit/(Loss) <sup>1</sup> | 378   | 580   |
| Profit/(Loss) Before Tax             | 346   | 625   |
| Net Profit/(Loss) <sup>2</sup>       | 352   | 618   |

(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

### Share of International Revenues





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 more than 2,000 employees at its plant which covers an area of 552,000 m<sup>2</sup> in Sakarya.

### Defense Industry

Focusing on the deliveries of existing armored vehicle orders, Otokar increased the share of defense industry exports in total exports. Despite the pandemic, the Company has received new orders from two different countries.

### Commercial vehicles

Otokar was the most popular bus brand in Turkey for the segments it operates in for the 12<sup>th</sup> consecutive year in 2020. In the biggest tender of the year, the Company won the bus tender held by the İzmir Metropolitan Municipality, while increasing its market share in the small bus segment with the Sultan model in Turkey.

Receiving orders from Malta for the fifth time in export markets, the Company expanded its fleet of vehicles on the island to 300 buses. It won a tender in Georgia for 175 buses during the pandemic. Otokar started deliveries of the buses subject to these agreements in 2020.

Otokar also signed an international production and supply agreement in 2020. It signed an agreement with the global bus manufacturer, IVECO BUS, which maintains its activities under the umbrella of CNH Industrial N.V., to manufacture Iveco BUS branded buses at Otokar's plant in Sakarya. As part of the agreement, Otokar will produce both existing models of



IVECO BUS for international markets and the bus models newly developed for Eastern Europe, Africa, the Middle East and Asia.

### R&D activities

Otokar's R&D expenditures amounted to TL 202 million in 2020. The Company focused on meeting the needs brought about by the pandemic in 2020 and developed the "Safe Bus" which is equipped with four different systems, reducing the risk of transmission of COVID-19. The "Safe Bus" is able to disinfect itself, provide safety to passengers with a photocatalytic system, measure fever, perform mask control and protect passengers and the driver with the driver's cabin. The first bus developed with coronavirus measures was put into service first in İzmir and then in Malta.

Otokar, working in the field of alternative fuel products, introduced its electric 12-meter city bus to the domestic market.

### Investments and efficiency

Otokar was granted an Investment Incentive Certificate by the Ministry of Industry and Technology for a modernization investment of TL 400 million, which is projected to be completed over a 4-year period.

The Company also held the groundbreaking ceremony of the cataphoresis facility. With this investment, the paint facility will become automated, allowing two 13-meter-long vehicles to be painted completely by immersion, providing the vehicles long-term protection against corrosion.

### Forward-looking expectations

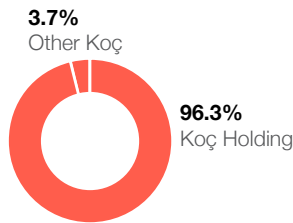
Aiming to maintain its position in the domestic commercial vehicles market next year, Otokar will also maintain its focus on exports. It aims to increase the number of vehicles serving in both tourism and urban transportation in Europe, which is the main market in bus segment.

Otokar will continue to offer its products, capabilities and facilities in the field of defense industry for the benefit of our country. In international markets, it aims to seize opportunities through technology transfer and production with local partners abroad, as well as exports to a wide region.

## 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

**9.7%** market share in the total automotive market with **over 77,000** new vehicles sales

**Leader** in second hand vehicle sales among corporate brands with sales of around **17,000** units

**Leader in car-rental**

### International Position

Management of the vehicle park with **45,000** vehicles with **541** employees at **84** points in **8** countries

The **leader** of the car rental industry in Greece, Azerbaijan and Kazakhstan

International operations account for **34%** of EBITDA

Avis Budget Group's **biggest licensee** and its most important investment partner abroad

### Awards and Achievements

#### Turkey's Best Workplace

Winner of the "Turkey's Best Workplace" award in the Kincentric survey

#### Social Responsibility Award

Avis Turkey won the Platinum Award with its "We Speak the Same Language" project, launched in cooperation with the Hearing Impaired Educational Activities Association in the "Reducing Inequalities" category at the 12<sup>th</sup> Corporate Social Responsibility Summit.

#### One of Turkey's 50 Most Innovative Companies

The Company won the "Fast Company - one of the 50 Most Innovative Companies in Turkey" award in recognition of its "Avis By Your Side" and "Budget Where You Want" projects.

#### Turkey's Most Reputable Business Partner

The Avis car fleet received the "one of Turkey's Most Reputable Business Partners" award in the B2B Excellence Awards.

#### IDC Turkey and Technology Captains Awards

The Company received awards for various projects in the CIO Summit, Cloud Awards, Digital Transformation Summit DX Ceo and Digital Transformer categories.

#### Social Media Awards

Avis Turkey won first prize in the field of Social Media Awards "Data Analytics" and Avis Greece received Marketing Awards "Social Media and Digital Marketing" Awards.

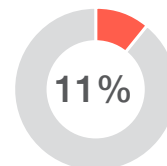
### Financial Indicators

| (TL million)                         | 2019  | 2020   |
|--------------------------------------|-------|--------|
| Total Revenues                       | 8,663 | 14,260 |
| Operating Profit/(Loss) <sup>1</sup> | 1,027 | 1,567  |
| Profit/(Loss) Before Tax             | 360   | 1,016  |
| Net Profit/(Loss) <sup>2</sup>       | 218   | 781    |

(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

### Share of International Revenues



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 provides the whole range of solutions regarding automotive retailing under one roof. The Company operates with the Otokoç, Birmot, 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 306 points - 84 of which are abroad - in 9 countries.

#### 94,000 vehicles sold in 2020

Otokoç Otomotiv commanded a share of 28.5% in Ford sales, 28.2% in Ford Trucks sales, 32.6% in Fiat sales, 44.9% in Alfa Romeo and Jeep sales, 29.3% in Volvo sales and 48.9% in Maserati sales in automotive retail during 2020. With sales of 77,000 new vehicles, the Company commanded a 9.7% share in the total Turkish automotive market. In second hand vehicle sales, Otokoç maintained its leadership among the corporate brands with sales of 17,000 units. Otokoç Parça achieved to increase its turnover by 22.9%.

#### 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 6% increase in the turnover of its car rental business unit in Turkey despite the effects of the pandemic, and has maintained its leadership.

#### Friendship towards mobility

The Company has taken steps with a vision of "being an innovative, global companion offering transportation solutions"

- In sharing; the "Connected Car" project of Zipcar and an investment option agreement with the startup company in who also cooperated in technology for the project
- In rental; caravan rental, delivery wherever desired, AI-based "WhatsApp Chatbot" appointment system



- In second hand; individual and corporate tenders, end-to-end online used vehicle sales, contactless delivery, cash purchases
- In operational leasing; the "MyAvis" product through a digital offer and order process
- In automotive retailing; mobile service with on-site repair and maintenance services
- Internationally; operating in Azerbaijan, Kazakhstan and Northern Iraq with Avis brand as well as Budget and Payless brands

#### Other notable developments

During the pandemic period, Avis Turkey and Avis Greece demonstrated a superior performance in the Customer Recommendation Index in the EMEA region among ABG countries with customer-oriented applications.

Projects from the "Fikir Küpü" platform have been commercialized. The "Avis By Your Side", "Budget Where You Want", "Avis Caravan", and "Avis Motorcycle" are the most recent examples.

In order to raise the impact of vision-oriented studies and digital transformation on company strategies, the Technology and Strategy Directorate was established, which brings together IT, digital transformation, innovation, quality and strategic planning activities.

We work closely with the UN Women organization on gender inequality and inequalities suffered from hearing-impaired citizens.

The "Zero Waste Management System" started to be implemented at the Headquarters and five locations, while zero waste infrastructure studies and sorting processes got underway at the branches. Feasibility studies were completed by evaluating the solar energy production potential in the branches, and the investment phase was subsequently reached.

#### Forward-looking expectations

In its growth plans, the Company aims to lead the sector with its mobility and new business models, to be the first brand to come to the public's mind in the second-hand market, and to lead the market in all countries where it operates.

Work on "Connected Car" shared mobility solutions continues, and the Company aims to provide the best customer experience in the industry. The customer experience mapping and index measurement processes, which were carried out in the car rental segment over two years will also be carried out for retail sales. The "Super App" project, a platform on which mobility services will be offered, will be commissioned in 2021. The Company will play a leading role in the development of caravan tourism in Turkey and the formation of a necessary ecosystem with the "Avis Caravan" service.



# 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 carried on with its expansion in 2020 and the revenues increased by 4% reaching to USD 215 billion.

In Europe, Turkey's main export market, the white goods market grew by 8% in volume in 2020.

In 2020, the Western European market expanded by around 6% driven especially by the rises in the UK, and German markets. The UK market grew by around 10%, the German market by 9%, while the Spain market posted 3% growth, and the French market grew by less than 1%.

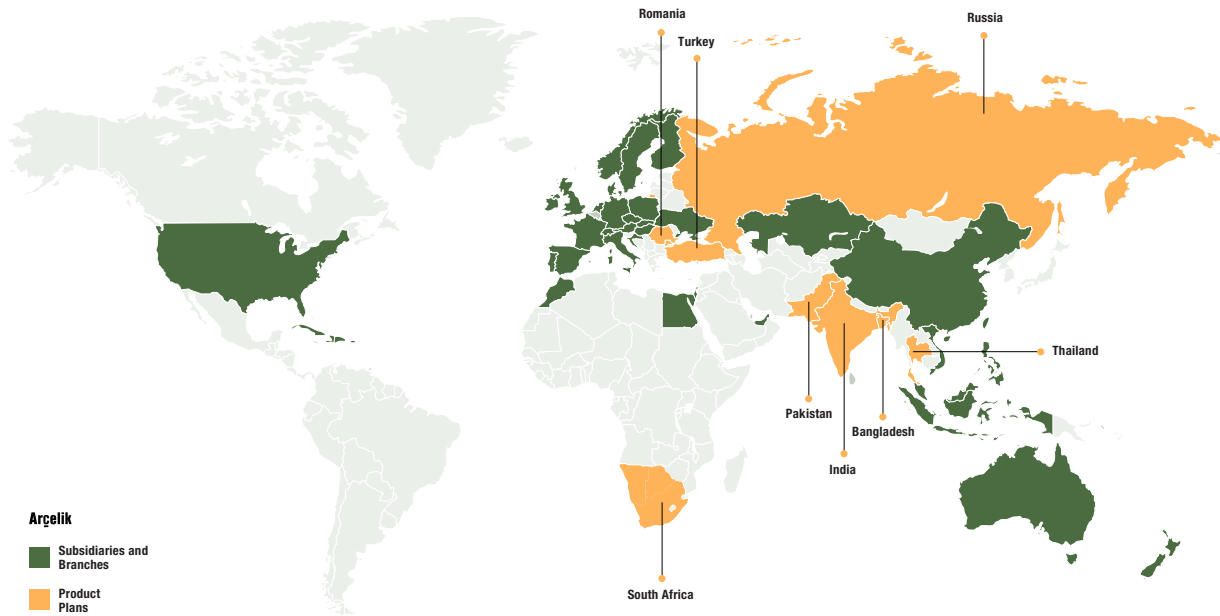
In 2020 the Eastern European market displayed a strong performance in parallel with Western Europe, recording growth of approximately 13%. While sales volumes in Russia, which is the largest market in the region, increased by 20% as compared with 2019, around 13% growth was recorded in Poland, the region's second largest market. The Romanian market posted 8% growth, with the Ukrainian market capturing an expansion of 13%.



The South African white goods market contracted by 3% compared to the previous year due to the slowdown in the second half of the year.

In 2020, domestic sales stood at 7.8 million units in the Turkish white goods market, implying an annual increase of 16%. Exports were realized at 22 million units with a slight annual increase. Total production increased by 3% compared to 2019 and reached 29 million units.

Based on the retail panel data, the TV market and the air conditioning market grew by 13% and 12% in volume, respectively.



### The Koç Group in the Consumer Durables Sector

The Koç Group realizes 40% 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

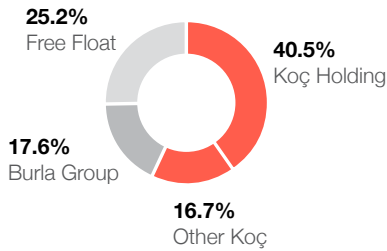
- Low-cost production centers: Turkey, Romania, Russia, China, South Africa, Thailand, Pakistan, India (JV) and Bangladesh
- Turkey's most extensive sales and after-sales service network supported by strong brand value
- Europe's largest white goods manufacturing facility under one roof, with extensive economies of scale
- Leading positions in the countries in which it operates; 2<sup>nd</sup> largest white goods company in the European territory including Turkey (Beko: Leading brand in free-standing major appliance market in Europe)
- Exporting to nearly 150 countries with its sales and marketing organization in 43 countries (including the JV in India)



## Arçelik

Arçelik offers a wide range of products and services to around 150 countries from its 22 production facilities located in 8 countries, and sales and marketing organizations in 43 countries with 12 global brands.

### Ownership Structure



### Domestic Position

**Leader** in white goods  
**Leader** in TVs  
**Leader** in air conditioning

### International Position

**Market leader** with the Arctic brand in Romania, Defy in South Africa and Dawlance in Pakistan

#### Beko - Global brand:

**2<sup>nd</sup>** biggest player in the white goods market and the **leader** in the solo white goods market of the European territory including Turkey

**1<sup>st</sup>** in the UK white goods market

**1<sup>st</sup>** in the Polish white goods market

**1<sup>st</sup>** in the solo white goods market in France

### Awards and Achievements

#### Carbon-Neutral Company

Recognized as a carbon-neutral company in production by neutralizing its greenhouse gas emissions in 2019 and 2020 (Scope 1&2) in global production activities

#### A Leader in Innovation

Ranked 1<sup>st</sup> in the "Innovation Strategy Large Companies" category in the InovaLIG 2019 program carried out by the Turkey Exporters Assembly (TİM), and winner of the "R&D Leadership Special Award"

#### Achievements on the World League in Sustainability

The only Turkish industrial company to be included in the Dow Jones Sustainability Index for four years in succession and the "industry leader" in the "Durable Home Appliances" category for 2 years

Inclusion in the Corporate Knights Global 100 "Most Sustainable Companies" list

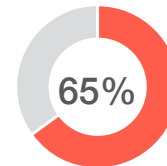
#### A Pioneer of Intellectual Rights

The only Turkish company to rank in the top 100 of the World Intellectual Rights Organization (WIPO) list of "Most Patent Applicants in 2019" with ~3,500 internationally registered patents

### Financial Indicators

| (TL million)                         | 2019   | 2020   |
|--------------------------------------|--------|--------|
| Total Revenues                       | 31,942 | 40,872 |
| Operating Profit/(Loss) <sup>1</sup> | 2,293  | 4,186  |
| Profit/(Loss) Before Tax             | 1,114  | 3,498  |
| Net Profit/(Loss) <sup>2</sup>       | 925    | 2,848  |

#### Share of International Revenues



(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





Arçelik A.Ş., carrying out production, marketing, sales and after sales customer service activities in white goods, consumer electronics, small home appliances and kitchen accessories, is the sector leader in Turkey and 2<sup>nd</sup> largest in the European territory including Turkey.

### Arçelik continues its steady growth in the domestic and international markets.

Arçelik, the market leader in Turkey, also maintained its leadership position with the Arctic brand in Romania, Defy in South Africa and Dawlance in Pakistan. Beko, the global brand and leader in the European solo white goods market, maintained its leading position in the white goods markets of the UK and Poland. The Singer brand is the 2<sup>nd</sup> largest player of the white goods market of Bangladesh.

### Working to add value to the future.

Arçelik continues to develop products which will add value to the future with its 15 R&D and design centers, five R&D offices and more than 1,700 R&D employees on a global scale.

In 2020 development of environmentally-friendly and recyclable materials, food, hygiene, filtration, sensor, advanced data analytics, cyber security algorithms, remote access protocols, engine and engine drive systems, system and component-based modeling and advanced analysis methods were prioritized work areas.

Arçelik has turned sustainability into a business model with its environmental, social and governance dimensions within the framework of its sustainability-based new generation management approach, and has placed it at the heart of its strategy.

Some of the projects that the company has implemented so far with its sustainability approach are as follows:

- Ventilators were manufactured in cooperation with Aselsan, Baykar and Biosys under the coordination of the relevant ministries during the COVID-19 outbreak,
- The “Hygeine” product range, developed as a solution to meet the challenge presented by the COVID-19 pandemic, removing 99.9% of viruses and bacteria



- The world's first washing machine with the synthetic microfiber filtration system, which provides nearly 90% filtration of micro fibers that are mixed into the seas and oceans,
- 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, which threaten life in the seas,
- Refrigerator using bioplastics obtained from soy, corn and egg shell
- Switching to 100% recycled and recyclable paper in small home appliance boxes

### Arçelik presses ahead with its investments in parallel with its growth strategy in Asia

An agreement was signed with Hitachi Global Life Solutions (Hitachi GLS) to establish a partnership in the global home appliance market outside the Japanese market, which Arçelik A.Ş. will control with a majority stake. Arçelik and Hitachi GLS will hold 60% and 40% stakes in the new company, respectively. The new Company will combine Arçelik's global competence with Hitachi GLS's regional and brand strength to bring Hitachi branded products to consumers in all countries around the world, except for Japan. The new company, which will carry out production and marketing activities with the Hitachi brand with two production facilities in China and Thailand and sales companies in 10 countries, aims to strengthen Arçelik's global growth and become the leading player in the Asia Pacific region.

### Forward-looking expectations

- With the COVID-19 pandemic has come new hygiene norms with different program requirements in the sector, an increased interest in healthy nutrition and small household appliances, changes in cooking technologies, a raised awareness of air and water purification, and increased needs for devices and sensors. This process will trigger different innovation needs for Arçelik product categories.
- With the climate crisis, interest in smart products which save energy and water, and products made from recycled materials will grow.
- Arçelik plans to strengthen its activities in its key markets, particularly in the built-in, premium, and small household appliances segments, to take advantage of organic and inorganic growth opportunities in new markets and to develop its product portfolio taking into account of the rapid change in consumer needs in 2021.
- The importance of energy efficiency in reducing greenhouse gas emissions is growing. 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.
- The most important issues which Arçelik will address in the coming period will be to pursue environmentally friendly and responsible production, to reduce its carbon footprint, to protect natural assets by increasing energy and water efficiency, to strengthen solutions for the circular economy and to produce social benefit.



## 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 700 employees throughout the year.

The Company maintains its leadership in Turkey thanks to its innovative and competitive approach, strong technological infrastructure as well as wide distribution and service network. Approximately 45% 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 2020

In 2020, Arçelik -LG launched low-cost inverter products with capacities of 9,000 and 12,000 BTU / h, developed for mass sales channels and chain markets following the completion of R&D studies.



For customers not requiring a heating function, an inverter product with a cooling capacity of 12,000 BTU / h has been brought to the market. With these new products, the Arçelik Group has further developed the widest range of air conditioning units in Turkey.

Within the scope of "Turkey's Quietest Air Conditioner" project, products with capacities of 7,000, 9,000 and 12,000 BTU/h and sound levels of 15dB in sleep mode have been developed.

With the widespread use of the Arçelik-patented recycled LEOPET plastic raw material in air conditioners, a total of 3 million PET bottles were recycled and the recycled materials used in the manufacture of 300,000 air conditioners in 2020.

A 10% increase in efficiency was achieved thanks to automation and optimization studies conducted in production. By achieving a high performance in dispatching the manufactured products to the sales channels on time and delivering

them to the customer, a 99% success rate was achieved.

As the only manufacturer capable of mass production of the high value-added and energy-efficient mini-VRF type commercial air-conditioning units in Turkey, Arçelik-LG maintains its localization efforts in this product range.

### Forward-looking expectations

Arçelik-LG, which offers energy efficient, high-quality products at competitive prices seeks to exceed customer expectations, achieve growth in exports and maintain its leading position by increasing its domestic market share. R&D studies are ongoing to develop innovative products in the areas of air quality and hygiene which have gained importance during the pandemic period. The company also aims to increase its market share high-tech, competitive products by expanding its domestic product range in the commercial air conditioning segment. To this end, it will continue the technology transfer process and its investments in production lines.





## The number one distributor in Turkey's electronics retail sector

With its experience of more than 35 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. The company works to improve the quality of life through technology and aims to make up-to-date technology accessible.

The fact that as of the year end of 2020, 1 of 4 smartphones sold in electronics retail stores, 1 of 5 tablets and 1 of 3 smart watches in the wearable technology category across Turkey are distributed by Bilkom, fortifies the Company's number 1 position in the electronics retail industry.

### Value added and focused distributor

Today Bilkom, provides "Bilkom Plus" services such as licensed domestic production, 360-degree brand management, business development, channel program development, after-sales services, consumer experience management and customer-oriented services to distinguished and leading global brands such as Apple, Huawei, TCL, DJI, Fitbit (Google), Alcatel, Celly and



Hypergear, which are shaping the process of digital and mobile transformation taking place in the world. The main motivation for the leader brands in choosing Bilkom is its mission of being a value added and focused distributor rather than a traditional distributor.

### Sustainable, profitable growth

Bilkom's core business principle is to ensure sustainable and profitable growth. Bilkom, which has grown at rates far in excess of what has been seen in the sector over the last 5 years, maintained its steady growth performance in 2020 with revenues increasing by approximately by 33% in TL terms to TL 4.4 billion. In USD terms, Bilkom closed the year with USD 631 million revenues, recording growth of 8%.

### Digital investments

In line with being a "Digital Life Coach", Bilkom supports digitalization as a tool to foster operational efficiency and sustainable growth. The Company aims to be a "Digital Role Model" in the sector with its digital transformation projects which have been ongoing since 2016, covering approximately 30% of its total investments.

### Forward-looking expectations

Bilkom works on new brand collaborations in order to develop its digital and mobile life-oriented product portfolio with strong brands in the fields of the Internet of Things and Information - Communication Technologies (ICT). Regional expansion, operator distributors, domestic production, online channels, omni-channel distribution, service sales are among the areas of focus in Bilkom's future-oriented innovation. The closed marketplace platform, "Lonca Market", implemented as one of the online innovation projects, will continue to grow as one of its focus areas. Adding the TV category to its portfolio with its "Manufacturer Distributor" identity in 2020, Bilkom aims to expand its product range in the field of consumer electronics in the coming period.

### Major awards and achievements

- Ranked 105<sup>th</sup> in the Fortune Turkey 500 and 132<sup>nd</sup> in the Capital 500 list
- "The Best Performing Company in the Last 3 Years" award in the Bilişim 500-2019 list
- "Turkey's Best Workplace" award in Kincentric survey for two consecutive years



# 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

The COVID-19 pandemic completely dominated the global economic agenda in 2020, along with the measures taken by countries to tackle the pandemic as well as its economic consequences. The actions taken by some countries such as closing their borders to prevent the spread of the pandemic, and the restrictions placed on economic activity in some sectors, have had serious economic impacts around the world.

Although the Turkish economy contracted sharply in the second quarter due to the negative effects of COVID-19, it began to recover in the third quarter. As the negative effects of the pandemic on the economy, which emerged in early 2020, gradually began to ease, actions taken by the Central Bank, Banking Regulation and Supervision Agency (BRSA), Treasury and other official institutions to mitigate the impacts of the pandemic, and economic activity began to revive in the second half of the year.

In the second quarter of the year, the Credit Guarantee Fund (CGF) package was put into practice, regulations that provide banks with flexibility in legal obligations were implemented, and the actions taken resulted in an increase in economic activity. In order to maintain its support for the economy, the Turkish banking sector, which also put in place a series of measures of its own, has continued to operate seamlessly to stand with its customers in need. The degree of flexibility provided by legal regulations brought a degree of ease to the lives of customers in this difficult period. Following the positive results achieved in the wake of these developments, some normalization steps were taken.



Towards the end of the year, some of the temporary measures were removed in order to return the economy and the system back to its normal flow and order, while practices compatible with the current conditions of the economy were resumed.

While liquidity ratios in the sector remained strong during this period, balance sheets witnessed more rapid growth on the back of the loan support packages. In 2020 the total loan volume in the sector reached TL 3,405 billion, marking an increase of 33%, spurred by CGF packages and the low interest rate environment as well as the high contribution of TL loans, which had increased by 42% annually. TL loan growth differed in public and private banks; while it increased by 54% in public banks, and by 33% in private banks.

In the same period, the contraction in foreign currency loans continued due to the slowdown in long-term investments and the balancing efforts in the private sector to deal with its increased foreign currency position. Meanwhile, the sector's foreign currency loans recorded a 4% contraction in USD terms. The total deposit base expanded by 33% to reach TL 3,288 billion. At the end of the period, the sector's non-performing loans ratio stood at 4.0%, marking a decrease of 123 basis points when compared to the end of 2019, on the back of high lending growth and the decisive actions taken by the BRSA.

In 2020, the net profit of the sector increased by 18% to TL 54.8 billion, while the return on equity was 10.5%. Capital adequacy ratio of the sector was realized at 18%.

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THE FUTURE" PODCAST CHANNEL.



## The Koç Group in the Banking Industry

In 2020, Yapı Kredi increased its market share to 16.1% in cash loans and 14.5% in customer deposits among private banks.

## Companies and Domestic Positions

### Yapı Kredi

#3 among private banks

### Yapı Kredi Bank's Subsidiaries

- Yapı Kredi Leasing #1
- Yapı Kredi Factoring #1
- Yapı Kredi Invest #1
- Yapı Kredi Asset Management #2
- International operations: Yapı Kredi Nederland, Yapı Kredi Azerbaijan, Yapı Kredi Malta

### Koçfinans

#4 in total assets

## Competitive Advantages

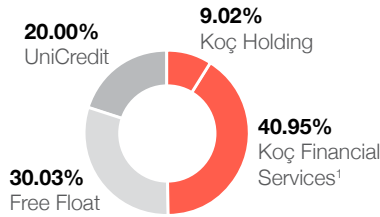
- Experience dating back 76 years
- Innovative service and branch network
- Pioneer in digital solutions
- Customer focused growth strategy
- Strong and diversified funding base
- Meeting all of the financial needs of its customers under one roof





Yapı Kredi maintained its successful profitable and balance sheet management performance and continued to strengthen its liquidity and capital structure.

### Ownership Structure



### Domestic Position²

**15.6%** market share in total assets  
**16.8%** market share in total cash and non-cash loans  
**16.1%** market share in total cash loans  
**14.5%** market share in customer deposits  
**Historically leader** in credit cards with **16.8%** market share

### Subsidiaries

Yapı Kredi Leasing  
**Sector leader - 18.4%**  
Yapı Kredi Faktoring  
**Sector leader - 13.3%**  
Yapı Kredi Invest  
**Sector leader - 13.8%**  
Yapı Kredi Asset Management  
**2<sup>nd</sup> in the sector - 15.7%**  
Yapı Kredi Bank Nederland  
Yapı Kredi Bank Azerbaijan  
Yapı Kredi Bank Malta³  
Yapı Kredi Koray Real Estate Investment Trust

### Awards and Achievements

#### Leader of Turkey's Water

Winner of the "Carbon Disclosure Project - CDP Turkey 2019 Water Leader" award in recognition of raising the water program rating from B to A -, the highest rating in the financial sector

#### The Best Digital Bank of Turkey

Winner of the "Turkey's Best Digital Bank" award in the Digital Global Finance World's Best Bank Awards

#### Inclusion in Bloomberg Gender Equality Index

Yapı Kredi is among the five companies from Turkey to be included in the 2021 Bloomberg Gender Equality Index (GEI).

#### Best Private Banking and Best Factoring Company

Winner of "Turkey's Best Private Bank" and "Best Factoring Company" awards from Global Banking & Finance

#### Brand to receive the most awards in the Stevie Awards

Winner of the "Grand Stevie" Award as the most awarded brand with 19 Stevie Awards

#### Equal Opportunity Model Certification

The first institution to be digitally evaluated and to have successfully completed the evaluation for the Gender Equality Certificate developed with the technical support of the World Bank under the leadership of the Turkish Women Entrepreneurs Association (KAGİDER) during the pandemic process

### Financial Indicators

| BRSA Consolidated                 | 2019  | 2020  |
|-----------------------------------|-------|-------|
| Total Assets (TL billion)         | 411   | 486   |
| Total Cash Loans (TL billion)     | 229   | 282   |
| Net Profit (TL million)           | 3,600 | 5,080 |
| Return on Average Tangible Equity | 9.4%  | 12.0% |
| Cost / Income                     | 35%   | 33%   |

(1) Koç Holding has 84.53% direct ownership in Koç Financial Services.

(2) Credit card market share is among all banks. Other rankings and market shares are among private banks.

(3) It is decided to be liquidated on 25 October 2019. Approval processes of regulatory authorities of Malta has been continuing for the transaction. No significant impact on Yapı Kredi Bank's operations and financial statements is anticipated.





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<sup>1</sup> of “Individual Banking” (consumer banking, private banking and asset management, and card payment systems) and “Corporate, 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, Azerbaijan and Malta.

### Increase in the Koç Group’s stake

UniCredit, one of the partners of Koç Financial Services which holds a majority share in Yapı Kredi, decided to reduce its stake in line with its strategic goals. After the transactions between Koç Group and UniCredit, Koç Group’s total direct and indirect stake in Yapı Kredi capital stood at 49.99%.

### Yapı Kredi strengthens its position in the sector, while maintaining its support for the Turkish economy.

In line with its strategy, Yapı Kredi continues to reduce the concentration in loans and deposits by growing in small ticket segments, with a focus on transaction banking for fee and commission generation.

The Bank’s cash and non-cash loans expanded by 20% to reach TL 382.7 billion. Cash loans amounted to TL 281.8 billion, increasing by 22.9%. The Bank’s market share among private banks was 16.1%. While loan growth was mainly driven by TL denominated loans, Yapı Kredi continued to support companies and exporters. Customer deposits volume amounted to TL 259.3 billion, increasing by 14.7%. The market share among private banks reached 14.4%. In line with the Bank’s strategic goals, the bank increased the share of demand deposits in total deposits by 13 percentage points to 36%. TL customer demand deposits market share among private banks reached 16.4%, marking an increase of 70 basis points; while the market share of foreign currency demand deposits increased



by 9 basis points to 13.6%, making positive contribution to the funding costs.

The Bank continued to diversify its funding sources and secured USD 2 billion through products such as syndications, securitizations and bond issuances. Yapı Kredi signed two successful syndicated loan agreements in the amount of USD 970 million with the participation of 38 institutions from 18 countries in May, and in the amount USD 855 million with the participation of 39 institutions from 21 countries in November. These transactions confirmed the financial strength and strong reputation of both the Turkish banking sector and Yapı Kredi.

Yapı Kredi maintained its 32-year leadership in the credit card market in terms of the outstanding volume and number of credit cards, with its Worldcard brand. The Bank reached a market share of 16.8% with credit card outstanding volume of TL 33.9 billion and market share of 15.8% with 11.9 million cards.

Despite the negative impact of the volatility in the markets and the currency in 2020, the Bank’s capital base is supported by internal capital generation backed by profitability and optimization; the consolidated capital adequacy ratio realized at 16.7% (not taking into account the temporary forbearance measures).

In the same period, Yapı Kredi achieved a successful loan-deposit spread development with its robust, timely and

proactive asset-liability management strategy, and the net interest margin adjusted for swap costs was 3.78% with an expansion of 48 basis points compared to the end of 2019. A 21% increase in pre-provision income was achieved with the contribution of commissions. The bank’s efficiency ratio improved by 154 basis points to be realized at 33%. Due to the effects of COVID-19, the Bank preserved its prudent provisioning policy and increased its provisioning rate to 8.1% of gross loans.

In line with its customer-oriented banking approach, Yapı Kredi carries on supporting the country’s economy and its exports. 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.

### Forward-looking expectations

In 2021, the Bank aims to further solidify its capital base and increase its asset quality while maintaining its sector position, solid balance sheet structure, successful assets-liabilities management and strong liquidity. The bank will also continue to widen its offering to a broader customer base on both the loan and deposit sides, reaching more customers. 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.

(1) Segment criteria changed as of 1 January 2021. Prior to the change Individual Banking segment covered consumer banking, card payment systems, private banking and asset management, and SME banking; whereas Corporate, Commercial Banking segment covered only corporate and commercial banking.



Koçfinans has maintained its leading position in the sector with innovative business model compatible with the changing market dynamics.

Koçfinans has been providing individual and corporate finance solutions in a variety of sectors, particularly the automotive sector, for 25 years. Despite the uncertainty brought about by the pandemic in 2020 and the volatility in the financial markets, the Company maintained its strong position in the sector with a customer-oriented approach which closely follows market dynamics, as well as its effective risk and liquidity management.

At the end of 2020, the company's portfolio volume amounted to TL 2.9 billion, with 40,000 customers and an asset volume of TL 3.3 billion.

A personalized pricing model was implemented in auto loans, which used data analytics to take account of the customer's risk. Applications could then be evaluated within seconds, with the automated loan allocation rate increasing to 90%.

Within the scope of the digital transformation and changing customer needs, credit service activities on platforms which sell vehicles online have been accelerated, and customers started to benefit from a seamless experience with API (application programming interface)



architecture. The loan volume originated through digital channels increased by 52% compared to the previous year.

In the R&D Center's first year of activity, studies were conducted using machine learning and optimization models. The "Anomaly detection by Machine Learning, Predictive Maintenance Project" TÜBİTAK 1501 program was covered by National Grant Support. Through R&D studies the "Next Generation Credit Platform", offering a next generation web service and API technology as well as digital contracts was brought into use at contracted sales points.

Instead of traditional tools to improve sales performance, the Company has maintained its leading role in R&D by implementing an experience-oriented "gamification" design which will adapt to changing dynamics.

The Koç University Research Center (KWorks) cooperates with two different startups within the framework of innovative business models.

The agile working model, which provides an environment of development and learning with self-managed teams, that is an important part of cultural change, was rolled out throughout the company in 2020.

With this working model, which features customer centricity, rapid productization, rapid learning cycles, agile teams have already started to provide faster and higher quality services with 40 process improvements.

#### Forward-looking expectations

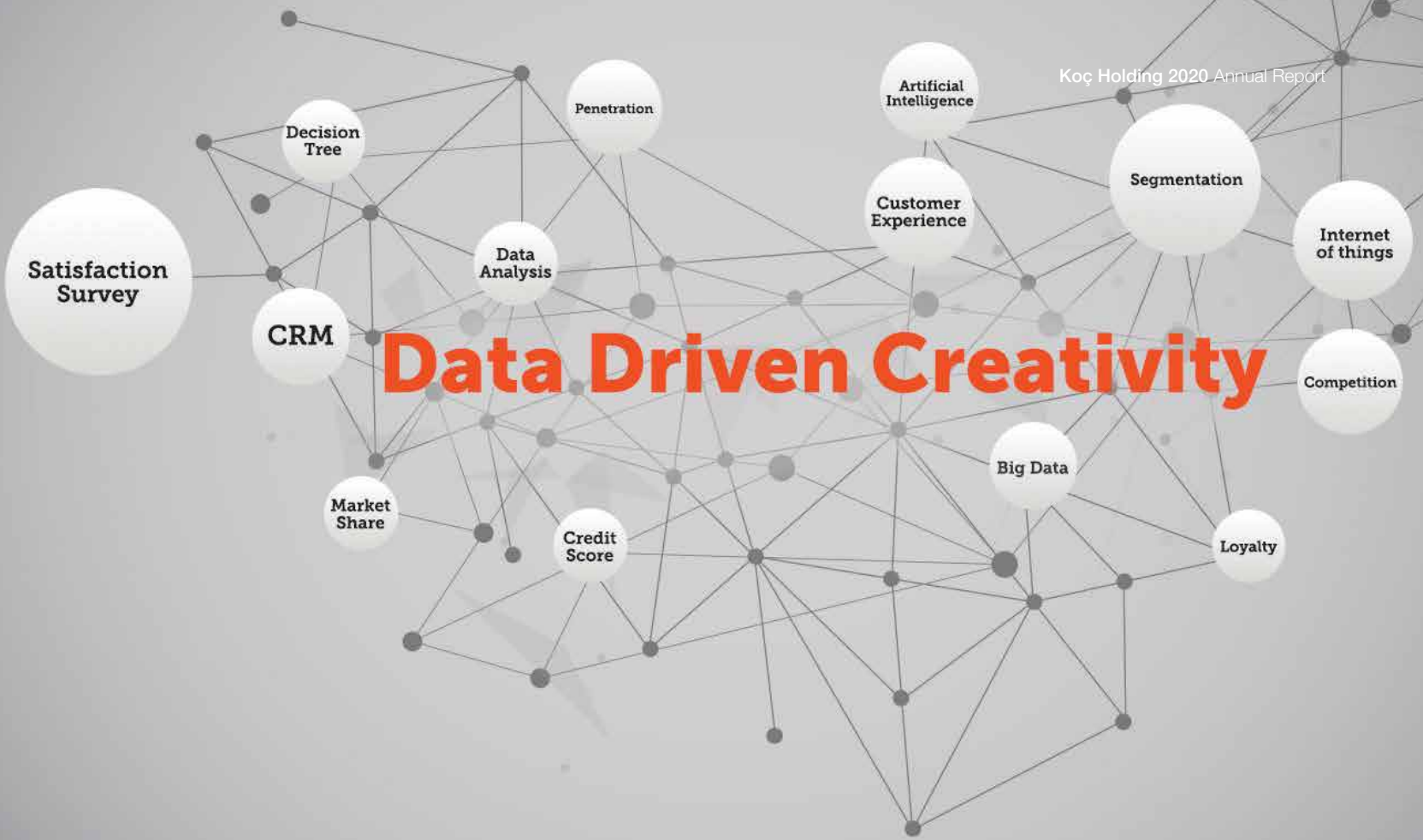
Koçfinans will continue to lead the change by using digital opportunities with its strong collaborations, high quality, fast and privileged service approach. In parallel to these goals, Koçfinans is expected to undertake the necessary investments in 2021 and complete the agile transformation integration of human resources processes.

The Company has set its priorities as expansion in second-hand loans and fleet loans and creating profitable solutions integrated with product/service models which feed each other, with a focus on automotive finance.

Koçfinans aims to be the most preferred credit solution in online platforms with its innovative business models by taking its digital transformation one step ahead by aiming at an excellent customer experience in all its processes and services.









# Other Lines of Business

We serve our customers with high quality products, exceptional services and reliable brands.

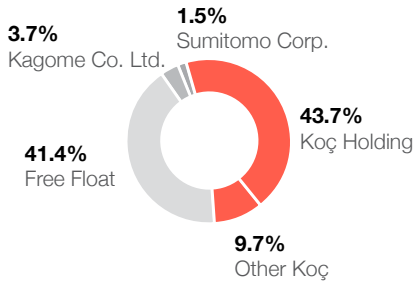






Tat Gıda is one of the leading food companies in Turkey with its world-class production standards.

### 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 **38 countries**

### Awards and Achievements

#### Digital Transformation Award

Winner of the first place award in the Sustainability Academy's Sustainable Business Awards in recognition of its "Digital Transformation from Tomato Farming" project

#### Sustainability Award

Awarded in ÇEVKO's Green Dot Industry Awards, in recognition of the "Zero Waste and Disposable Plastic Process" project

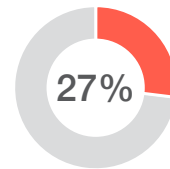
#### A Pioneer in the Field of Human Resources

Participating in the "Top 100 Talent Program" organized by Toptalent, with the "Talent Factory" program

### Financial Indicators

| (TL million)                                     | 2019 | 2020 |
|--|------|------|
| Total Revenues <sup>1</sup>                      | 553  | 803  |
| Operating Profit/(Loss) <sup>1, 2</sup>          | 69   | 115  |
| Profit/(Loss) Before Tax <sup>1</sup>            | 48   | 97   |
| Net Profit/(Loss)                                | 66   | 167  |
| Continuing Operations Profit/(Loss) <sup>1</sup> | 38   | 71   |
| Discontinued Operations Profit/(Loss)            | 28   | 96   |

### Share of International Revenues



(1) Pasta and bakery products, milk and dairy products segments are excluded as they are accounted under discontinued operations

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





The foundations of Tat Gıda were laid by Vehbi Koç in 1967 with the establishment of the Tat canning factory. Expanding its product range over the years, Tat Gıda is currently one of Turkey's largest food companies producing tomato paste and canned food under the "Tat" brand.

**Tat, the leading brand in the sector has stood by its stakeholders during the pandemic period.**

Throughout the pandemic period, Tat Gıda, which has always carefully listened to both its internal and external stakeholders, took the actions which would best meet their needs and expectations during this difficult period. In line with the steps taken in addition to the existing hygiene measures, it became the first company in its sector to be awarded the "TSE COVID-19 Safe Production Certificate".

With an awareness of its responsibility to society in the face of the significant increase in demand for food products during the pandemic, the Company unwaveringly continued its production and distribution operations, taking into account the health of its employees to ensure uninterrupted food supply and shipments, and continued to bring its products to its consumers.

Tat stood by its stakeholders with important projects such as the cash support package for farmers, the hygiene project for seasonal workers and food support packages provided during the pandemic period.

Behind Tat Gıda's strong position lies its world-class production infrastructure, long lasting trust based farmer-producer cooperation and innovative consumer centric corporate culture.

The Company has focused on digital agriculture, quality and efficiency. While closely following technological developments in agriculture, it also applies innovative technologies developed in



cooperation with its startup and institutional networks. Tat implemented 25 projects over the last three years with its "Tohum R&D Center" and participated in 6 studies in international and national congresses in 2020.

**Tat Gıda terminates operations in the milk and dairy products business line.**

In accordance with its long-term business plans, Tat Gıda took the decision to focus on its main field of activity - tomato paste and canned food products, which comprise a higher share in total profitability. In this context, an asset sale agreement was signed for the transfer of all assets in the milk and dairy products business line.

**Forward-looking expectations**

Tat Gıda pioneers change in a rapidly changing business environment and grows with investments in innovative product range, production capacity and technology. Going forward, the Company aims to increase its sales volume by further strengthening its position in Turkey and primary international markets, and to achieve profitable and sustainable growth by developing healthy and environmentally friendly products, which are in line with consumer expectations.

**Düzey**

Founded in 1975, Düzey Pazarlama is a leading sales and distribution company specializing in fast moving consumer goods. Düzey sells and distributes not only the brands of Tat Gıda but also other major brands such as Ferrero, Dardanel, Maret and Pringles in Turkey. In 2020, Altinkılıç and Upfield were added to the portfolio.

With its 4 regional warehouses and more than 60 distributors, a specialized sales team over 1,200-strong and its equipped fleet of more than 1,000 vehicles, Düzey reaches more than 110,000 sales points in Turkey.

**Forward-looking expectations**

Düzey Pazarlama aims to establish new partnerships with the most prestigious brands in Turkey and the world by placing technology at the heart of all strategies, to maintain the growth momentum which it has captured and to be the sales and distribution platform for the fast moving consumer goods industry.



## Koçtaş has maintained its leading position in the home improvement retailing sector.

Operating in the field of home improvement (DIY) retailing via its digital channels, and a total of 140 stores (40 Koçtaş, 100 Koçtaş Fix) having a total sales area of 250,000 m<sup>2</sup> throughout 34 provinces in Turkey, Koçtaş is a solution center for all the needs to improve and decorate every living space under one roof. Aiming to provide the best service to its more than 10 million visitors, the Company has maintained its leadership in the DIY retail sector in 2020 with its uninterrupted investments even during the pandemic.

The Company proactively managed the crisis emerged during the pandemic and rearranged the way of doing business in all areas.

- The company reviewed all its processes with Zero-Based Budgeting approach using the ideas of Koçtaş employees at all levels, and started a comprehensive project called "Koçtaş 2.0".
- The Company has revised the operational model of its stores, to adapt to the new normal with its agile management. In addition, leading to an increase in turnover product line optimization and digital merchandising activities accelerated.
- After the customer and data analytics studies, Koçtaş opened its first "Medium Box" store in Ankara with a size of 3,000 m<sup>2</sup> by applying store-based planogram principles.



- The Company's sales in all digital channels, including kocktas.com.tr, Koçtaş mobile application and quick order screens in stores, increased by 70% compared to the previous year.
- The company actively implements the principle of reviewing and improving its business model to sustain the increase in efficiency of available resources by considering changing customer needs, competitive environment and digital transformation.

Continuing its activities with the mission of developing and beautifying every place where there is life, the Company extended a helping hand to schools in need with the "Next to You" program started in September 2020, beautifying the classes of 7 schools in 7 different provinces of Turkey with paints that it donated. The Company aims to improve 25 more schools in 2021, its 25<sup>th</sup> year in retailing.

### Forward-looking expectations

The Company aims to continue the spread of Koçtaş Fix, which it positions as the corner shops in the neighborhoods, by further improving its multi-channel strategy and to reach a total of 600 stores throughout Turkey by 2025. Aiming to position digital channel as its best performing store on the basis of turnover and profitability, the Company plans to allocate 30% of its investments to digital in 2021.

### Major awards and achievements

- **Leader in Digital Transformation**  
IDC Digital Transformation Summit 1<sup>st</sup> place with "Ustabilir" mobile application in "Multi-Channel Experience Innovation" category and 2<sup>nd</sup> place with "Self-service Mobile Payment" project  
IDC CIO Summit 1<sup>st</sup> place with "Path of Legends" in-house gamification project in "Business Of The Future" category, 2<sup>nd</sup> place with "Agile Transformation Journey" in "Change Management" category  
"The Best Technology Use in the Retail Industry" award to the "Ustabilir" mobile application at Martech Awards
- **Best HR Practices**  
1<sup>st</sup> prize in TEĞEP Learning and Development Awards with Koçtaş 360 orientation program  
"Turkey's Best Workplace" Award in Kincentric survey
- **Leader In Social Media**  
Social Media Awards Golden Award for inspiring content in the "Home Improvement" category





# Setur

Setur is one of the first and pioneering tourism companies in Turkey.

Established in 1965, Setur operates in the fields of duty-free store management, domestic and international tour operations and hotel reservations, air ticket sales, visa services, cruise travel, congress and seminar events and international training organization.

### Tourism activities

The company provides services in the tourism sector through 5 branches, 34 agencies in 18 cities and 363 online agencies.

In 2020,

- The travel and tourism sector has been one of the most severely-impacted sectors by the pandemic.
- During this period, the Company played a leading role in the industry in managing intensive cancellation/refund requests.
- A total of 1,947 companies were served in the corporate market, maintaining the company's market leadership.
- International accommodation was organized for more than 40,000 individual customers and over 120,000 corporate customers in the domestic market, and a total of 4,000 individual and corporate customers in the international market.
- The flight plans of 132,000 passengers were carried out smoothly in ticket operations.



- The MICE unit has served 8,000 people with 420 organizations, 52 of which were using mixed methods (online and traditional).

### Duty-free stores

Duty-free sales carried out via 42 Setur duty-free stores at airports, land borders and seaports in 19 regions constitute a significant share in Setur's revenue.

In 2020,

- The duty-free stores were renewed in parallel with the field renovation of the Hamzabeyli border gate.
- Field renovations got underway at the İpsala border crossing.
- In line with the Company's strategy and commercial priorities, activities at Sabiha Gökçen Airport were terminated in November.

### Forward-looking expectations

Prioritizing the customer experience in all the processes and services, Setur will continue to invest in digital technologies with an emphasis on the projects that support CRM and data based analytical intelligence.

Setur supports increasing brand reliability in tourism with effective advertising work, safe products and services in accordance with the "new normal" in the wake of the

pandemic and technological applications. It aims to respond with greater agility to customer demand by moving all supply chain and product management applications to online channels. Current trends and travel technologies in the global market are closely monitored.

In the duty-free business, Setur plans to raise its profitability with store openings in new locations, new brand agreements, store renovations and digital transformation projects.

### Major awards and achievements

- Winner of the Social Media Awards Turkey "Gold Award" in the "Tour Companies" category in SocialBrands Data Analytics,
- Winner of the "Employee Loyalty Achievement Award" in the Kincentric survey
- First prize in the 18<sup>th</sup> Golden Spider Web Awards in the "Blog" category, with Seturday
- Third prize in the "Best Use of Technology" category in the 2020 Best Events Awards TISK Joint Sharing Forum with SeturMice



## SeturMarinas

Setur Marinas is one of the few marina chains in the Mediterranean basin and the leader in Turkey with 22% market share.

Starting operations 42 years ago with the Çeşme Altinyunus Marina, today Setur Marinas is the leader in the marina sector with 22% market share in Turkey.

One of the few marina chains in the Mediterranean basin, Setur Marinas has a total berth capacity of 5,468 yachts in 10 marinas, including 5,211 in Turkey and 257 abroad. Its marinas are located in Kalamış & Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Kaş, Antalya, Finike and Lesvos.

Reflecting the advantages derived from being a marina chain to its customers, Setur Marinas secured enhanced customer loyalty through the chain marina campaigns launched in early 2018.

Apart from offering the usual marina services, Setur Marinas' experienced staff assists sailors in many areas such as hotel and airline reservations, trips to nearby places, car rentals, entry-exit formalities



and yacht insurance. Social areas such as shopping centers, supermarkets and restaurants located in the majority of the marinas offer visitors a pleasurable experience.

Setur Marinas, which has rapidly adapted to the digital transformation and aims to be a pioneer in this field, is closely followed by other marina businesses with its innovative approach to operational requirements. Having implemented many successful projects in digitalization, the Company is constantly breaking ground with the services it offers its customers.

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.

### Forward-looking expectations

In the upcoming period, Setur Marinas aims to maintain its leading position in Turkey by growing its market share while becoming an international brand by increasing the number of marinas it operates outside of Turkey. For this purpose, it closely follows opportunities both domestically and internationally.

### Major awards and achievements

- “Golden Anchor” award, given by the Yacht Harbour Association
- “Blue Flag”, awarded by the Environmental Education Foundation of Turkey
- “Skalite” award, given by the Skal International İstanbul Club
- “Turkey’s Best Workplace” Award in the Kincentric survey



# divan

Divan Group offers a broad spectrum of services ranging from accommodation to food and beverages, catering and production of bakery products.

Divan Group operates with a total of 17 hotels three of which are located in Georgia, Azerbaijan and Northern Iraq, 3 residences, 22 patisseries, 135 bakeries (90 of which are in Opet Ultra Markets), 17 restaurants, 2 stadiums, 2 banquet units and a production facility with an enclosed area of 15,000 m<sup>2</sup> located in Taşdelen.

Divan Group offers a wide service network in the sector with its hotel and patisserie-restaurant-bakery management, production, residential management and event organization activities.

## Developments in 2020

In a year that was dominated by the COVID-19 pandemic, Divan made three hotels available to health workers and provided exemplary support to efforts to tackle the pandemic by providing 16,500 overnight stays with zero transmission.

Divan's exemplary hygiene and service standards were adapted to the pandemic conditions under the motto of "Divan Trust", and continued to be applied meticulously in all accommodation, food & beverage and production units.



In parallel with changing consumer preferences, the "Divan Delivery" brand was created so that the restaurant products could be ordered online via other market places to compliment [divanpastaneleri.com.tr](http://divanpastaneleri.com.tr).

In Divan İstanbul, "Studio Modern", hosting all digital activities, meetings and launching events with the confidence and comfort of Divan, was launched as the "first digital event platform" in a hotel in Turkey.

Despite the effects of the pandemic, Divan continued to grow in 2020, opening two new Divan cafes in İzmir and İstanbul, Pizza Pazzi by Divan in Kalamış Marina and Maromi by Divan, along with 34 new In-Bakery by Divan as part of the Ultramarket project developed with Opet.

## Forward-looking expectations

In 2021, in its 65<sup>th</sup> anniversary, Divan will reinforce its strong brand perception and maintain its goal of providing a unique experience to its guests with a superior product offering and service quality in all areas of activity and will expand the number of customers within its reach with new openings.

## Major awards and achievements

- "Gold Award" at the Brandon Hall Awards for excellence with the "Culture of Appreciation and Feedback, Cultural Transformation Project"
- Stevie Awards COVID-19 "Most Valuable Corporate Act Award"
- Kincentric survey "Turkey's best workplace" in the category of "Tourism and Food & Drink"
- Marketing Turkey "Most Respected Chain Hotel Brand of the Year" award
- Winner of the "Support to Health Hero Award" in the "Common Future is Possible Together" competition held by the Turkish Confederation of Employer Association
- Winner of the "Tourism Brand of the Year" award in the Turkey Golden Brand Awards







## Zer offers services which combine its purchasing and supply chain management expertise with the technology it has developed over 16 years.

Founded in 2003, Zer is Turkey's first and largest purchasing company with its specialized staff, innovative solutions and extensive supply network, providing business partners with end-to-end solutions where they can turn purchasing and supply chain challenges into opportunities and save costs.

### Purchasing expertise in over 100 categories

Backed by the procurement expertise which it has developed over its many years of experience, Zer offers services for the logistics and supply chain, materials, media and outsourcing personnel, equipment, transportation and facility management, creating opportunities to collaborate with domestic and foreign companies as well as with the Koç Group. It carries out mass purchases on behalf of its customers in a wide range of areas from special service purchasing solutions to second-hand commodities, industrial waste and scrap sales. In addition to these services, with a focus on digital transformation of purchasing, it offers fast, practical and reliable digital platform solutions in purchasing processes, especially with the brand strategic purchasing platform Promena, as well as with Araciste, Loji-Portal, Zervis and ZerOnline.

### Zer in 2020

The pandemic has also carried the purchasing sector to a strategic position for companies. Purchasing has turned into an area of expertise which needs to be managed with a strategic perspective at every stage from process analysis, reporting and supplier performance management to catalog management.

Zer has worked to provide solutions that would advance the purchasing sector in 2020 and ensure the continuity of the broad ecosystem of business partners and suppliers against the challenges brought by the pandemic. To this end, it has constantly striven to improve its existing digital activities.

- The interface and design of the B2B online order management platform, ZerOnline, which combines category expertise with technology in equipment purchases, has been renewed presenting an offering to companies which will bring savings in terms of cost, time and labor with greater ease of use. A user-interface has been created to carry out purchases with ZerOnline for more than 400 customers.
- The strategic purchasing platform, Promena, has developed its existing services by focusing on the customer experience, offering solutions to companies with both self-service platform use and professional support. The supplier management and Pazaryeri (marketplace) modules have been renewed. New customer demand for Promena increased by 40% compared to the previous year, with one of every two incoming requests from abroad. Promena maintained its global growth, expanding its number of distributors to nine, spread over four continents.
- A slew of projects have been completed by developing robotic process automation studies for routine operations to cover the purchasing processes.
- Negotiations are ongoing for cooperation with four different startups in order to pursue new business development and investment opportunities in the field of procurement.
- In addition to the existing areas of activity, agile project teams have been formed to create new business opportunities and revenue areas and many business

development ideas have been projected and pursued. Among the projects, the "Sales of Fuel Oil to Logistics and Personnel Transport Suppliers" has matured and was brought into operation as a new service category.

All of the sectors such as logistics, services, materials and media where ZER has carried out its procurement activities faced their own challenges during the pandemic. In order to prevent delays in supplier payments amid the weakening in the economic cycle, payment plans were established with the aim of keeping suppliers afloat, while suppliers were also introduced to different buyers. Resources have been created for suppliers experiencing difficulties with the Supplier Financing System.

### Forward-looking expectations

With the aim of benefiting more companies through the procurement and supply chain management services which it offers in more than 100 categories, Zer plans that non-Koç Group customers will account for a significant proportion of the procurement volume in 2021. In addition, the Company aims to increase the proportion of foreign customers in the long term by improving its recognition and business skills in global markets. Along with its focus on the digital transformation in the procurement and supply chain, Zer anticipates further growth in the use and recognition of its digital platforms, which it conducts with an agile and sustainable management approach.

### Major awards and achievements

- "Turkey's Best Workplace Award" and "Employee Loyalty Special Award" in the Kincentric survey
- Promena was the first and only Turkish platform to be included in the "50 Procurement Providers to Watch" list compiled by the international purchasing network, Spend Matters
- Promena was the first and only Turkish purchasing platform to be included in international purchasing research studies, such as the Spend Matters Solution Map and Capgemini







## Contributing to our country's digital transformation with long-established business experience dating back 75 years

As "Turkey's Most Valuable IT Brand", KoçSistem contributes to Turkey's digital transformation with its well-established business experience dating back 75 years and its digital transformation solutions with more than 80 national and international business partnerships, a workforce of nearly 1,500 employees in 81 cities, its subsidiary, KoçDigital, and its B2B Entrepreneurship Platform Techsquare.

### Developments in 2020

KoçSistem, which offers IT services and innovative digital transformation projects to its sector-leading customers in Turkey and the global arena, started to serve more than 100 new customers in addition to its existing customers in 2020. The Company contributes to the success of its customers in the field of technology in the sectors under its focus, such as banking, insurance, automotive, energy and retail.

KoçDigital, a 100% subsidiary of KoçSistem, creates value for corporations by guiding them with a focus on big data, advanced analytics and the Internet of Things with Turkey's largest Internet of Things platform, Platform 360. KoçDigital has enriched its portfolio with "Production Management Systems", "Smart Social Distance Solutions", "Predictive Maintenance", "Human Resources Analytics", "Industry



4.0 Consulting" and "Data and Analytical Competency Assessment Services". At the same time, it has implemented a diverse selection of projects such as "stock optimization", "Demand Forecasting", "Real-Time Production Monitoring", "Quality Monitoring with Image Processing" in a wide range of sectors. More than 100 students have graduated from the KoçDigital Academy, which was established by KoçDigital with the mission of raising human resources which would command expertise in the field of analytics.

Within the scope of the corporate social responsibility project, "Family Time", which KoçSistem implemented with the aim of creating social awareness for the healthy use of technology, the Company continued to provide parents with training on the conscious use of technology with the Mother Child Education Foundation (AÇEV).

### Forward-looking expectations

Crowning a year of achievements in 2020 with 41 national and international awards, KoçSistem aims to raise Turkey's competitiveness in the world with its support for the process of digital transformation in 2021. In line with this goal, the Company meets the business needs of a variety of companies from different sectors with innovative technologies.

KoçSistem will continue to create value for its customers via technology, by increasing their efficiency, enabling them both to have competitive advantage and to exploit export opportunities through offering them high-standard and flawless production capabilities.

### Major awards and achievements

- Ranked 1<sup>st</sup> in the "Information Technology System Integrator and Business Partner" category in the Turkey Informatics 500 Awards
- Ranked 41<sup>st</sup> in the BrandFinance "Turkey's Most Valuable Brands - Turkey 100" report and selected as "Turkey's Most Valuable IT Brand"
- Won Silver award in the field of "Information Technology Company of the Year" and Gold award with "Pixage" in the field of "digital publishing solution" in the Stevie Awards
- Won the Platinum award in recognition of the "Family Time" project in the Hermes Awards Corporate Social Responsibility projects
- Winner of the "Turkey Partner of the Year" award in the Microsoft "Partner of The Year" Awards
- Won Gold award in the "B2B Digital Platforms" field of the NYX Marcom Awards





## RMK Marine is one of the leading shipyards in the sector.

Focusing on construction of tankers, tugs and super / mega yachts, RMK Marine is one of the leading shipyards in the sector with its infrastructure facilities and capabilities which meet the Industrial Quality Assurance Requirements for Design and Production, as well as with the projects it undertakes by using its continuously developed talent sets.

### Developments in 2020

RMK Marine has focused on pandemic management in its occupational and safety activities throughout 2020. Regarding the management of the process, "Emergency Plans", "Risk Analysis and Management and Safety Instructions" were revised. In accordance with the established structure, risk monitoring and health checks were carried out on all employees. The investment, regulation and improvements undertaken within the facility ensured that the level of risk was kept at a minimum.

RMK Marine, which continued its work seamlessly with the measures taken in the pandemic, delivered the T. Damla-8 and T. Damla-9 tugs, which it built in 2020. The Company installed and commissioned the scrubber system on the T. Adalyn tanker,



which it had already delivered. In addition, as a result of its uninterrupted business development activities, it concluded 2020 by signing a new contracts for one tanker and one super yacht building project.

In the last quarter of 2020, production of the contracted tanker and super yacht projects have been started in line with their budget plans and project calendars.

### Forward-looking expectations

RMK Marine, which strived to keep the effects of the pandemic to a minimum throughout 2020 within the framework of

the measures it has taken, will continue to work on new projects in the tanker and super yacht categories.

RMK Marine is committed to being a long-running, reliable, value added solution partner for the production of environment friendly, high quality and low cost commercial shipping projects and original design super / mega yacht projects. The company has adopted progress as its indispensable principle, taking maximum care to uphold the trust and satisfaction of its employees and project stakeholders.





## Going beyond the borders for 50 years

Celebrating its 50<sup>th</sup> anniversary, Ram Dış Ticaret continues to contribute to our country's exports and economy through the value it creates and the human resources it has cultivated. With ever increasing enthusiasm, it has stepped up its digital transformation efforts while developing new business models in new markets.

### New business development

Ram Dış Ticaret signed new sales and representation contracts in 2020, combining its experience in international business development and representation with the competencies of domestic companies which develop artificial intelligence-based products.

Focusing on customer needs, Ram Dış Ticaret has started to supply aluminum sheets to automotive supply industry in the automotive industry. The first steps towards a sustainable business model were taken by delivering aluminum sheets supplied from multinational manufacturers to customers' production lines, meeting the target quality and properties.



The Company has undertaken the procurement of mobile hospital units consisting of 21 expandable trailers to be supplied to two different countries, together with all medical fixtures and consumables, within the scope of the Islamic Development Bank's program of grants provided to Kyrgyzstan and Tajikistan. Mobile hospitals include all branches, from operating theatres to advanced imaging units, laboratories and intensive care units.

### A leading provider of humanitarian services

As a global supplier to the United Nations and other international aid organizations, Ram has increased exports which meet the humanitarian needs of refugees and people in need have grown to reaching 800,000 items in 2020 with the impact of the pandemic. With the expansion in the customer portfolio, shipments were exported to 28 countries.

### Iron and steel products

In 2020, work on supplying flat steel products for the Koç Group and automotive supply industry companies

was developed with 300,000 tons of flat sheet delivered. Ram Dış Ticaret enhances its added value by developing solutions which meet customer needs, such as including cutting, slitting and dimensioning processes to its services.

### An international gateway for SMEs

Ram Dış Ticaret, which was founded with the purpose of increasing exports of Turkey and the Koç Group, enabled SME-scale producers to open up to foreign markets. The Company continues to provide financial and managerial support to companies in this regard.

### Forward-looking expectations

In the coming period, Ram Dış Ticaret will focus on providing value-added products, systems and services in the fields of health, automotive and education for developing countries, developing and marketing high-tech solutions by working on joint projects with globally funded development banks and agencies.





## Token has expanded its field of activity with new products and services, while maintaining its leadership in the cash register POS segment.

Founded in 2018, Token Financial Technologies aims to empower businesses to grow by improving their processes with new technologies while enabling them to achieve profitability and efficiency.

As of May 2020, Token, which had been under the ownership of Arçelik, started to operate directly within Koç Holding. In 2020, Token renewed its internal structure and expanded its field of activity by commissioning new products and services. Focusing on R&D with its large R&D and software teams, whose number increased by 40%, Token ranked 6<sup>th</sup> among all Koç Holding companies with TL 46 million of R&D expenditure and the 1<sup>st</sup> in terms of expenditure per R&D personnel. In the coming period, Token Finansal Teknolojiler A.Ş. (Financial Technologies), which will offer a wider range of products and services both in Turkey and international markets, aims to be positioned as an umbrella company producing technology.

Due to the shift in consumer preferences after the pandemic, the need for contactless payments in physical purchases has increased considerably. According to the Interbank Card Center (BKM) data, the prevalence of contactless payments quadrupled when compared to 2019. The share of contactless payments in the in-store payments increased from 11% in 2019 to 39% in 2020. Thanks to the increase in demand for contactless devices, increase in take-away services, the impact of new business model in the device sales as well as special strategies carried out with the state banks, Token posted a 57% increase in revenues and continued to lead the market with more than 650,000 devices installed.

In addition to cash register POS devices, its existing business, Token developed the Android POS device, the Beko 400 TR, which combines sales, payment and e-invoice processes in one device in line with the "Secure Mobile Payment and Electronic Document Management System" communiqué numbered as (Tax Procedure Law General Communiqué) VUK 507, which was implemented by the Directorate of Revenue Administration (DRA) in 2019. In this context, it carried out pilot installation for the use of 155 Arçelik and Beko authorized dealers with the permission of the DRA. In 2020, it successfully completed all independent audit processes and became one of the first three companies to be given the Secure Mobile Payment and Electronic Document Management System (GMÖEBYS) operator establishment approval by the DRA in line with this communiqué in January 2021.

In order to issue financial documents electronically in online and physical sales, work in the field of e-document management is continuing rapidly. In 2020, special integrator establishment

licenses were obtained from the DRA for e-Invoice, e-Archive invoice, e-SMM (self-employment receipt) and e-MM (fortified receipt) services. Work on e-Waybill and e-Ledger services is ongoing.

Token established Token Ödeme Hizmetleri ve Elektronik Para A.Ş. (Payment Services and Electronic Money), a subsidiary, in July 2020 in order to take part in the rapid digital transformation. Token Payment Services and Electronic Money (PSEM) aims to provide end-to-end solutions in e-commerce to enterprises and marketplaces. With its product that combines virtual POS, wallet infrastructure and card storage facility, Token PSEM offers the e-commerce cycle of an enterprise from customer onboarding to invoicing. Having successfully completed independent audits, in 2020, Token PSEM applied to the Central Bank of Turkey for the e-money license in September. In line with its global goals, the company aims to offer these services primarily in other markets where the Koç Group has a presence and in markets which lack adequate access to financial services, as well as in Turkey. Accordingly, Token International Holdings BV in the Netherlands and Token Payment Services SRL in Romania were established under the ownership of Token Financial Technologies.

### Forward-looking expectations

In its main market, Turkey, Token plans to expand its range of innovative products and services as a trading partner of enterprises, as well as strengthen its leadership in new payment technologies such as unattended payment services and payment with QR codes.

Token continues to work to create an ecosystem for its products and services, and start operating by obtaining the necessary licenses in the international markets.





Corporate Brand Projects and Sponsorships  
Vehbi Koç Foundation

Presentation

General Assembly

Koç Group

Sectors and Companies

Social Investments

Corporate Governance

Financial Statements

Other Information

## Corporate Brand Projects and Sponsorships

### Koç Sports Fest

The Koç Sports Fest (KSF) was set up by Koç Holding in 2006 with the aim of bringing music and entertainment to university students, and has since grown into a youth and sports festival unlike any other in Turkey under the main sponsorship of the Turkish University Sports Federation, signed in 2009. A total of 120 festivals have been organized in 41 universities over the last 15 years. Today, KSF is the most prestigious youth and sporting event to be organized by universities and the most widely attended of its kind in Turkey.

While KSF aims to increase the number of university athletes, it also seeks to spread the culture of being the right kind of sports fan. All events organized by the KSF are planned with the aim of developing amateur branches and for these branches to gain audiences.

More than 26,000 athletes from nearly 200 universities compete in 63 branches throughout the year as part of the Turkey Koç Sports Fest University Games. Some of the athletes and teams who achieve success in the competitions go on to represent Turkey in international events with the support of Koç Holding.

In order to reach a wider audience by hosting more branches with the KSF, winter sports were also included in the festival in 2016. In 2020, snow volleyball was added as a separate branch as well as the skiing and snowboarding races held in Palandöken, Erzurum, and the KSF winter stage hosted the challenge of more than 600 students from 45 universities.

With interviews and panels held under the title of “KSF Talks”, content ranging from different branches of sport, nutrition, career, gender equality and the digital transformation are introduced to university students with the participation of expert names in their fields.

KSF is also the largest project realized by Koç Group companies. The KSF winter stage was held in 2020 with the participation of the Arçelik, Avis, Aygaz, Beko, Bilkom, Fiat, Ford, Koçtaş, Opet, Setur, Tat, Tüpraş and Yapı Kredi brands. Because universities have been closed and sports competitions suspended due to the pandemic, the KSF 2020 spring stage could not be held.

### International Nasreddin Hodja Cartoon Contest and Symposium

Since 2008, Koç Holding has been the main sponsor of the Association of Caricaturists’ International Nasreddin Hodja Cartoon Contest in order to support the social development of different branches of the arts and contribute to the successful representation of our country abroad in different fields. This contest, which has been running since 1974 and is open to caricaturists from around the world, has awarded the Grand Prize to Turkish caricaturists many times.

### İstanbul Biennial

The largest contemporary art platform in Turkey and one of the four most important biennials 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 2026, the 100<sup>th</sup> anniversary of the Koç Group.

Today, 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.

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.

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. With new works to be added, İstanbul is planned to stand out as a rich, contemporary art exhibitions center.

## Vehbi Koç Foundation

Vehbi Koç Foundation, which is one of the first charitable foundations of the Turkish Republic, was established on 17<sup>th</sup> January 1969 by Vehbi Koç.

Vehbi Koç Foundation contributes to the rapid development of Turkey for 50 years in fundamental areas of life, which are education, health and culture. The Foundation continued to make a difference through institutions managed by the foundation and the projects that it supported.

Prominent activities, which were conducted in 2020 by the Foundation, are listed below:



### EDUCATION

#### Scholarships

The Vehbi Koç Foundation scholarship program, first begun in 1969 to promote equal opportunity in education, has so far provided support to over 50,000 students. The program, which includes scholarships for vocational training, undergraduate and nursing, supported 5,638 students with limited financial means in the 2019-2020 academic year. <http://www.vkv.org.tr/>

#### Infectious Diseases Research Center Established

İşbank and Koç University initiated a new collaboration to contribute to the country's scientific and academic activities in the field of public health by establishing the Koç University-İşbank Infectious Diseases Research Center. The center

aims to conduct advanced research on infectious diseases, to offer solutions for the diagnosis and treatment of diseases, to enrich the quantity and quality of researchers and educators, and to carry out vaccine and drug research. İşbank will allocate a grant of 25 million Turkish liras over five years. "COVID-19 once again demonstrated the importance of research and science. This interdisciplinary center will be the first and largest center of its kind in Turkey and will work to fight local and global infectious diseases that threaten the health of the Turkish people," noted President Prof. Umran S. İnan. <https://www.ku.edu.tr/>

## Vehbi Koç Foundation

### The Koç School Digital Transformation Project

In order to implement the Koç School Distance Education Approach and to be prepared against uncertainties for the 2020-2021 academic year, the Digital Transformation Project was initiated to ensure that the school's educational quality is transferred to the online environment within all of the K12 levels. The primary goal of the Digital Transformation Project is to ensure preparedness in all kinds of different scenarios that could result from the pandemic and to maintain The Koç School's educational quality in the online environment across all of K12. A project was also carried out in cooperation with the Turkish Ministry of National Education and the Turkish Standards Institute, to comprehensively evaluate all of The Koç School's mitigation measures and practices leading to The Koç School being awarded the "My School is Clean" certificate on October 14<sup>th</sup>.

<http://www.kocschool.k12.tr/>



### HEALTH

#### The American Hospital has left behind a century.

The American Hospital, first founded in 1920, celebrated its 100<sup>th</sup> anniversary in the company of its employees; wider celebrations had to be postponed due to the coronavirus pandemic. The American Hospital's new vision for the future is "to develop and expand domestically while expanding abroad to evolve into a worldwide healthcare group." A 3-volume comprehensive anniversary book was commissioned to reflect the American Hospital's past, present and future aspirations while preserving its institutional memory for both current and future generations. Work is also underway for

the launch of a microsite on the hospital's existing online platform where a historical documentary and the centenary book will be published. In addition to these, the American Hospital will celebrate the joyful spirit of its 100<sup>th</sup> anniversary with a series of events including scientific conferences, classical music concerts, a competition involving fashion design students, and a photo exhibition-all of which are planned for 2021.

<https://www.amerikanhastanesi.org/>





### Special Hospital Classroom Opens

Koç University Hospital's Special Hospital Classroom was launched with the support of the Provincial Directorate of National Education's "Teacher Hold my Hand" project to provide education to children who receive long-term treatment at the hospital or at home. It is the first such classroom at a foundation hospital to have been designed in accordance with ideal hospital class criteria. The opening ceremony was attended by Ali Yeşilyurt, Zeytinburnu District Koç University Hospital Medical Director Dr. Erdal M. Aksoy, Koç University Hospital Chief Physician, Aslıhan Özcan, Koç University Hospital Child Psychologist, and Prof. Dr. Cansin Saçkesen, Pediatrics Department Head. Parents of children who are currently being treated at the Koç University Hospital also attended. <https://kuh.ku.edu.tr/tr>

### The 19<sup>th</sup> Vehbi Koç Award presented to Professor İlhan Tekeli

The recipient of the 19<sup>th</sup> Vehbi Koç Award, in the field of culture, was Professor İlhan Tekeli. Among the three candidates that the Selection Committee, headed by Professor Zeynep Ahunbay nominated, Vehbi Koç Foundation Board of Directors chose to recognize Professor Tekeli for his body of work on "social sciences and urban studies". Professor İlhan Tekeli, a prolific scholar who has received the highest number citations for his academic work on a wide array of topics from urban studies to social sciences in Turkish, has published more than 660 scientific articles and papers on urban planning, regional planning, social systems, macro-geography, local administrations, economic policies, history of economics, urban history, municipal history, educational planning, philosophy of science, and historiography. <http://www.vehbikocodulu.com/>



### CULTURE

#### The Sadberk Hanım Museum Celebrates its 40<sup>th</sup> Anniversary with the "Motif" Exhibition

Celebrating its 40<sup>th</sup> anniversary in 2020, the Sadberk Hanım Museum opened an inspiring exhibition, "Motif", and published an accompanying exhibition catalogue. The anniversary project "Motif" represents the panoramic diversity of the museum by bringing together historical motifs from different cultures that have encountered one another in very different regions, displaying the exceptional range of the relatively small yet outstanding Sadberk Hanım Museum. The exhibition, open from 9 November 2020 through to 31 October 2021, represents nearly 500 motifs from 466 selected objects from the Sadberk Hanım Museum collection and invites visitors of every age and occupation to establish an intellectual tie with what these historical motifs have to tell as well as presenting a new visual palette and opportunity for intellectual exercise in relation to the world of art and forms. The motifs have been divided into five main concepts, arranged from the general to the specific: "Life and Power," "Nature," "Figurative Decoration," "Order and Harmony," and "Space." One

of the most important achievements of the project has been to give visibility to hundreds of motifs that might ordinarily escape attention.

[www.sadberkhanimmuzesi.org.tr](http://www.sadberkhanimmuzesi.org.tr)

#### Arter's 10<sup>th</sup> Anniversary

In the year 2020, which also marked its 10<sup>th</sup> anniversary, Arter presented seven exhibitions from but not limited to its collection, a new festival focusing on new music, concerts and performances, learning and interpretation events, and publications that accompany its program. Having supported the production of more than 200 artworks in the framework of 50 exhibitions over a period of 10 years, Arter continued to serve as a sustainable, vibrant and accessible cultural hub in 2020, expanding the range of its programs at its new building in Dolapdere. During the pandemic, Arter offered new ways of interacting with its visitors, collaborators, members, neighbors and followers through screens, featuring online selections of video works entitled #playathome and online events as well as presenting an online exhibition along with more than 160 works from its collection via Google Arts and Culture.

[www.arter.org.tr](http://www.arter.org.tr)

## Vehbi Koç Foundation

### Where Art Meets History: Meşher

Istanbul's new exhibition space Meşher opened its doors in September 2019 at the historical building that also hosted Arter from 2010 to 2018 and is located on Istiklal Street in Istanbul's Beyoğlu district. Meşher's inaugural exhibition was "Beyond the Vessel: Myths, Legends, and Fables in Contemporary Ceramics around Europe," followed by its second, "Alexis Gritchenko – The Constantinople Years," featuring Istanbul-themed avant-garde works by the Ukrainian artist who lived in Istanbul between 1919 and 1921. Parallel events for the exhibition had to be redesigned as online talks and content due to lockdown restrictions. Meşher's third exhibition, "Preserving the Past: A Selection from the Sadberk Hanım Museum's Collection," opened on 11 December 2020 and will be open to the public until April 2021.

<https://www.mesher.org/>



### VEKAM's Year on Digital Platforms

Each year, Koç University VEKAM organizes a great number of conferences, symposia, panels, workshops and training sessions, and although VEKAM had to cancel all face-to-face activities due to the worldwide pandemic in 2020, it continued to carry out its function efficiently on various digital platforms. VEKAM made its past activities accessible to the public on its Youtube channel, while the VEKAM library and archives continued to operate virtually. Two exhibitions, titled "From Inauguration to Liberation: The 1<sup>st</sup> Turkish Grand National Assembly" and "The Sound of the Republic: Musiki Muallim Mektebi," welcomed visitors on

the Koç University Suna Kiraç Library Digital Exhibitions website. VEKAM also continued to improve its digital collections in this period by adding the Juliopolis Necropolis Collection, the Ankara Landscape Paintings and Painters Collection and the Architects Who Left Their Marks on Ankara Collection to its digital collections library. In 2020, VEKAM also published two e-books and six printed books, three of which are second editions.

<https://vekam.ku.edu.tr/>

## CIVIL SOCIETY

**Turkey Social Entrepreneurship Network Project: New Paradigms in Philanthropy**

Vehbi Koç Foundation accomplished the Turkey Social Entrepreneurship Network Project in October 2020. The Project started on September 2018 in collaboration with the Directorate for EU Affairs, a department of the Ministry of Foreign Affairs of the Republic of Turkey and funded by the European Union and Republic of Turkey within the scope of the Civil Society Support Programme. Turkey Social Entrepreneurship Network aimed to spread the culture of social entrepreneurship across Turkey and to develop an ecosystem. Social entrepreneurship will get more and more important for Turkey's social, economic and ecological realms, VKV's support will continue through the online platform: [sosyalgirisimcilikagi.org](https://sosyalgirisimcilikagi.org)

**Ashoka Turkey organized Social Entrepreneurship Day in partnership with VKV**

Ashoka, the world's first and largest social entrepreneurship platform, organized the third edition of the annual Social Entrepreneurship Day in partnership with Vehbi Koç Foundation. The event was held online on April 28-29, 2020 with open access to the public, and brought together leaders working to strengthen the social entrepreneurship ecosystem in Turkey. During the online sessions, which



were followed by nearly 200 people from more than 10 cities, evolving systems and the changing world order were discussed from a social entrepreneurship standpoint. The event's guests of honor included Jerro Billimoria, an Ashoka and Schwab Fellow who also leads several civil society projects worldwide to empower children and youth, Bekir Ağirdir, General Manager, KONDA, and Faruk Eczacıbaşı, an

Ashoka Support Network Turkey member and Vice Chairman of Eczacıbaşı Holding. <https://ashokaturkiye.org/>

## CORPORATE GOVERNANCE

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### 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 (%) |
|--|-------|----------------------|-----------------|------------------------|------------------------|
| Temel Ticaret ve Yatırım A.Ş.  | A     | 678,773,422          | 26.77           | 135,754,684,460        | 42.23                  |
| Temel Ticaret ve Yatırım A.Ş.  | B     | 428,196,786          | 16.88           | 42,819,678,578         | 13.32                  |
| Koç Family   | B     | 487,895,145          | 19.24           | 48,789,514,515         | 15.18                  |
| Vehbi Koç Vakfı  | B     | 184,171,754          | 7.26            | 18,417,175,384         | 5.73                   |
| Koç Holding Emekli ve Yardım Sandığı Vakfı                                       | B     | 50,451,548           | 1.99            | 5,045,154,831          | 1.57                   |
| 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  | B     | 671,023,971          | 26.46           | 67,102,397,052         | 20.87                  |
| <b>Total</b>   |       | <b>2,535,898,050</b> | <b>100.00</b>   | <b>321,467,147,230</b> | <b>100.00</b>          |

### Information concerning significant changes in Koç Holding A.Ş.'s ownership of non-current financial assets held in 2020

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 are set out in the table below.

| Companies  | 2020 (%) | 2019 (%) | Description   |
|--|----------|----------|---|
| Inventram Fikri Mülkiyet Hakları Yönetim Ticaret ve Yatırım A.Ş. | 65.70    | 35.70    | Shares representing 30% of the capital in Inventram were acquired by Koç Holding  |
| Koç Finansal Hizmetler A.Ş.                                      | 84.53    | 42.26    | Shares representing 42.26% of the capital in Koç Finansal Hizmetler were acquired by Koç Holding  |
| NanoGriptech Inc.  | 15.77    | -        | Koç Holding participated in the start-up company in 2020.   |
| Token Finansal Teknolojiler A.Ş.                                 | 54.44    | -        | Shares representing 54.44% and 45.56% of Token's capital, previously held by Arçelik, were acquired by Koç Holding and Temel Ticaret Yatırım A.Ş., respectively |
| Vispera Bilgi Teknolojileri Sanayi İç ve Dış Ticaret A.Ş.        | 8.91     | -        | Koç Holding participated in the start-up company in 2020.   |
| Yapı ve Kredi Bankası A.Ş.                                       | 9.02     | -        | Shares representing 9.02% of the capital of Yapı Kredi Bank were acquired by Koç Holding  |

## Legal Disclosures

Information on changes in ownership of non-current financial assets that Koç Holding A.Ş. holds indirectly that exceed or fall below the thresholds can be found in the table below.

| Companies   | 2020 (%) | 2019 (%) | Description   |
|---|----------|----------|---|
| Beko Central Asia   | 40.56    | -        | Incorporated in 2020  |
| Beko Grundig Schweiz GmbH                                 | 40.56    | -        | Incorporated in 2020  |
| Beko Home Appliances Portugal                             | 40.56    | -        | Incorporated in 2020  |
| Digitheronix Corp.  | 65.70    | -        | Incorporated in 2020  |
| Grundig Intermedia GmbH                                   | -        | 40.51    | Beko Deutschland GmbH and Grundig Intermedia GmbH merged under the name of "Beko Grundig Deutschland GmbH"  |
| InventramUS INC.  | 65.70    | 35.70    | Koç Holding's effective ownership interest rate has changed following the acquisition of 30% of Inventram shares by Koç Holding                                 |
| Koç Finansal Hizmetler A.Ş.                               | 86.62    | 43.31    | Shares representing 42.26% of the capital in Koç Finansal Hizmetler were acquired by Koç Holding  |
| Koç Kültür Sanat ve Tanıtım Hizmetleri Ticaret A.Ş.       | 86.80    | 66.38    | Koç Holding's effective ownership rate has changed following the acquisition of 42.26% of Koç Finansal Hizmetler shares by Koç Holding                          |
| NanoGriptech Inc.   | 16.92    | -        | Koç Holding participated in the start-up company in 2020.   |
| PT Home Appliances Indonesia                              | 27.17    | -        | Incorporated in 2020  |
| Sparkin Inc.  | 65.70    | 35.70    | Koç Holding's effective ownership rate has changed following the acquisition of 30% of Inventram shares by Koç Holding  |
| Tarabios Sağlık Teknolojileri A.Ş.                        | 65.70    | -        | Acquired in 2020  |
| Token Finansal Teknolojiler A.Ş.                          | 54.44    | 40.51    | Shares representing 54.44% and 45.56% of Token's capital, previously held by Arçelik, were acquired by Koç Holding and Temel Ticaret Yatırım A.Ş., respectively |
| Token International Holdings B.V.                         | 54.44    | -        | Incorporated in 2020  |
| Token Ödeme Hizmetleri ve Elektronik Para A.Ş.            | 54.44    | -        | Incorporated in 2020  |
| Token Payment Services SRL                                | 54.44    | -        | Incorporated in 2020  |
| Vispera Bilgi Teknolojileri Sanayi İç ve Dış Ticaret A.Ş. | 9.58     | -        | Koç Holding participated in the start-up company in 2020.   |

Koç Holding does not have a reciprocal participation relationship which would bring commanding relationship.

**Extraordinary General Assembly Meeting held during the year, if any**

No Extraordinary General Assembly meetings were held during the year.

**Organizational changes within the year**

Koç Holding's up-to-date organization structure is provided on page 143 of the annual report. No significant organizational change took place during the year.

**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 11 March 2021 states: "In all transactions conducted in 2020 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**

There were no changes in articles of association in 2020.

**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 46.3 billion in total equity attributable to the parent company as of 31 December 2020, and with a net financial debt/invested equity multiplier of 0.58, the Company's debt structure is sufficient to carry on its operations in a healthy manner.

## Declaration for Compliance with Principles of Corporate Governance

### Declaration For 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 2020, 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. 1.4.2; 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: In the Articles of Association, minority rights are not granted to those who are in possession of less than one twentieth of the capital, and in parallel to the general practices in the country, rights were granted to the minority within the general legislative framework 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.
- Regarding principle n. 4.4.1; given the concerns on physical meetings due to COVID-19 pandemic, in addition to the necessary resolutions, the Board has made one all-day long strategic physical meeting and another strategic meeting whereby the resolution was adopted by the Board of Directors in writing without a physical meeting and the relevant detailed documents have been provided well in advance to all members. These meetings provided members access to adequate information on company performance and activities, enabling them to make a strategic review. Besides, the Board has been informed about the company performance and recent developments on a periodic basis within the year. Yet, many of the resolutions this year have been adopted by the Board of Directors in writing without a physical meeting, whereby the agenda and related information has been provided well in advance. Based on the meetings made, majority of the board members attended majority of the meetings.



- 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 2020, 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 2020, 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. In addition, the Company's website and annual report were reviewed and revisions required to comply with the principles were made. Also, at the beginning of 2021 Koç Holding Board Diversity Policy has been approved. Accordingly, in light of international best practices and our visionary mission, the principal of aiming to keep the ratio of the number of female Board Members within Koç Holding's Board of Directors at least 30% at all times has been approved. Furthermore, parallel to the long-standing and consistently implemented procedures in place, working principles for Board of Directors (BoD) have been adopted as advised in CMB Corporate Governance Principles.

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 286-299 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 for Compliance with Sustainability Principles

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 to the extent possible. 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.

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 studies.

- Koç Holding has enacted a Sustainability Strategy and the related Environmental, Social and Governance Policies, all of which have been implemented following their approval by the Board of Directors. Within the scope of Koç Holding Sustainability Strategy, a new materiality assessment has been performed and the material prior issues for both the Company's success and stakeholder expectations have been determined. In light of these priorities, we are working on determining targets together with Koç Group companies and in the next steps will further work on defining action plans for achieving the determined targets.
- Koç Holding has been monitoring the key ESG performance indicators for more than 10 years and the scope of indicators are being reviewed annually based on local and global best practices and generally accepted practices. In this respect, amongst the dataset monitored for the Group, for the indicators that are made available to public, three years of comparative data is provided. However, local or international comparative confirmed sectoral data is not available given that reporting is made on a consolidated basis with a wide spectrum of different sectors.
- Group-level verification is carried out by an independent third-party organization in order to increase the credibility of data that Koç Holding discloses on consolidated basis, and the scope of the verification is annually expanded both in terms of indicators as well as the number of companies. However, currently verified data is used for internal reporting and evaluation, and disclosure will be considered in the coming years once there is uniformity among all Group-companies.

- As mentioned above, Koç Holding conducted a comprehensive materiality analysis in 2020 with participation of all stakeholder groups. In this respect, as it is detailed in the Sustainability Section of Koç Holding's Annual Report, low carbon transition and climate risks rank among the most material topics with regards to environment. Based on these material issues, a strategy, in line with national and international framework, will be developed in order manage the risks at the highest level, and targets as well as incentives to achieve these targets will be set in line with the strategy in question. On the other hand, Scope 1 and Scope 2 emissions are regularly calculated and an independent third-party organization verifies this data in line with ISO 14064-1 standards. Similarly, data regarding energy consumption is monitored at Koç Group level. Yet, the data is used for internal reporting and evaluation purposes and disclosure of this data as well as the relevant standards, protocols and methodology regarding the data will be considered once the strategy is completed. Scope 3 emissions are monitored by some of the Group companies and in the coming years, it is planned to develop monitoring and reduction strategies at Group-level. In addition, setting Science-Based Targets activities are carried out at some of the Koç Group companies.
- The company is not included in any carbon pricing schemes since the relevant legislative regulation has not yet been completed in Turkey. Internal carbon pricing is in place in some of the Koç Group companies however it is not yet implemented at Group-level. Similarly, there are some practices related to carbon credits at company level, they are monitored and implemented at company basis. 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.

An index table with references to the related explanations for each principle stated in CMB's Sustainability Principles is provided in pages 300-303

## 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 2019 was submitted to the Corporate Governance Committee in order to be presented to the BoD on 09 March 2020. The report regarding the activities of 2020 was submitted to the Corporate Governance Committee and the BoD in March 2021.

#### **Investor Relations Contacts**

CFO: Ahmet F. Ashaboğlu

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: Neslihan Aycil

Investor Relations Manager: Sinem Baykalöz

Finance Manager: Ayça Sandıkcioglu



## 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 02 April 2020 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 Chairman | BoD Chairman and Member, Committee Member              | Not Independent Member  | Executive Committee Member   |
| Ömer M. Koç           | Chairman          | BoD Chairman and Member, Committee Member              | Not Independent Member  | Executive Committee Chairman   |
| Ali Y. Koç            | Vice-Chairman     | BoD Chairman and Member, Committee Member              | Not Independent Member  | Executive Committee Member, Nomination and Remuneration Committee Member           |
| Semahat S. Arsel      | Member            | BoD Chairman and Member, Committee Member              | Not Independent Member  | Executive Committee Member   |
| Caroline N. Koç       | Member            | BoD Chairman and Member, Committee Member              | Not Independent Member  | Risk Management Committee Member   |
| İpek Kırac            | Member            | BoD Chairman and Member                                | Not Independent Member  | Corporate Governance Committee Member  |
| Levent Çakıroğlu      | Member, CEO       | BoD Chairman and Member, Committee Member              | Not Independent Member  |  |
| Jacques Albert Nasser | Member            | BoD Member in companies outside the Group              | Independent Member      | Risk Management Committee Chairman; Nomination and Remuneration Committee Chairman |
| Anne Lauvergeon       | Member            | BoD Chairman and Member in companies outside the Group | Independent Member      |  |
| Emily K. Rafferty     | Member            | BoD Chairman and Member in companies outside the Group | Independent Member      | Audit Committee Member   |
| Dr. Cem M. Kozlu      | Member            | BoD Chairman and Member in companies outside the Group | Independent Member      | Corporate Governance Committee Chairman, Audit Committee Chairman                  |

The CVs of the BoD Members can be found on our website and in our Annual Report. (See pages 144-147)

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 2020, the Board made 30 decisions, two 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. Due to COVID-19 pandemic, in addition to the necessary resolutions, the Board has made one all-day long strategic physical meeting and another strategic meeting whereby the resolution was adopted by the Board of Directors in writing without a physical meeting and the relevant detailed documents have been provided well in advance to all members.

## Explanations Regarding Corporate Governance

The revised “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 2020, 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 14 April 2020, it was decided by the Board that the Audit Committee shall be composed of two Independent Board Members. The Audit Committee President will be Dr. Cem M. Kozlu and the Committee Member will be Ms. Emily K. Rafferty.

In 2020, the Audit Committee convened once to review the audit related operations particularly with regards to compliance with tax laws and regulations. The Committee passed five 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 14 April 2020, 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 Chairman and Ms. İpek Kırar and Mr. Ahmet F. Ashaboğlu as the members.

The Committee made an assessment of the Company’s corporate governance practices and the Corporate Governance Compliance Report in 2020, 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 14 April 2020, it was decided by the Board that the Committee shall consist of two members, with Independent Member Jacques A. Nasser as Chairman and Mr. Ali Y. Koç as Member.

In 2020, 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 14 April 2020, it was decided by the Board that the Committee shall consist of two members: Independent BoD Member Jacques A. Nasser as Chairman and Ms. Caroline N. Koç as Member.

In 2020, the Committee worked to assess the Company's risk profile, identify measures to be taken in risk prone areas, implement information security policy and prepare the risk management chapters in the annual report. In its report dated 15 February 2021, 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 150-151.

### Working Principles and Operations of the Executive Committee

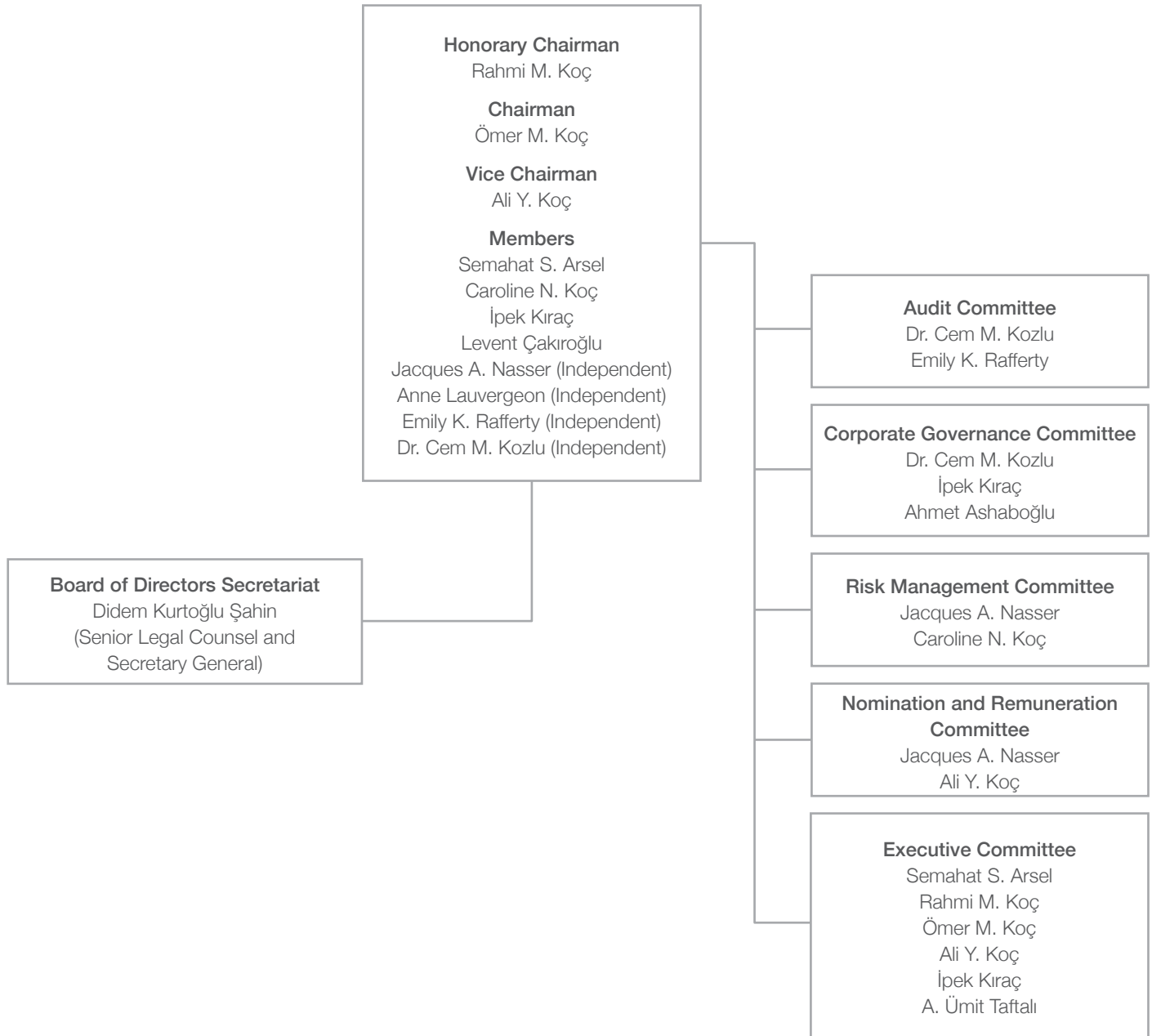
The operations of the Executive Committee are summarized below:

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 14 April 2020, Semahat S. Arsel, Rahmi M. Koç, Ömer M. Koç, Ali Y. Koç, İpek Kırac and A. Ümit Taftalı were elected by the Board as Committee members.

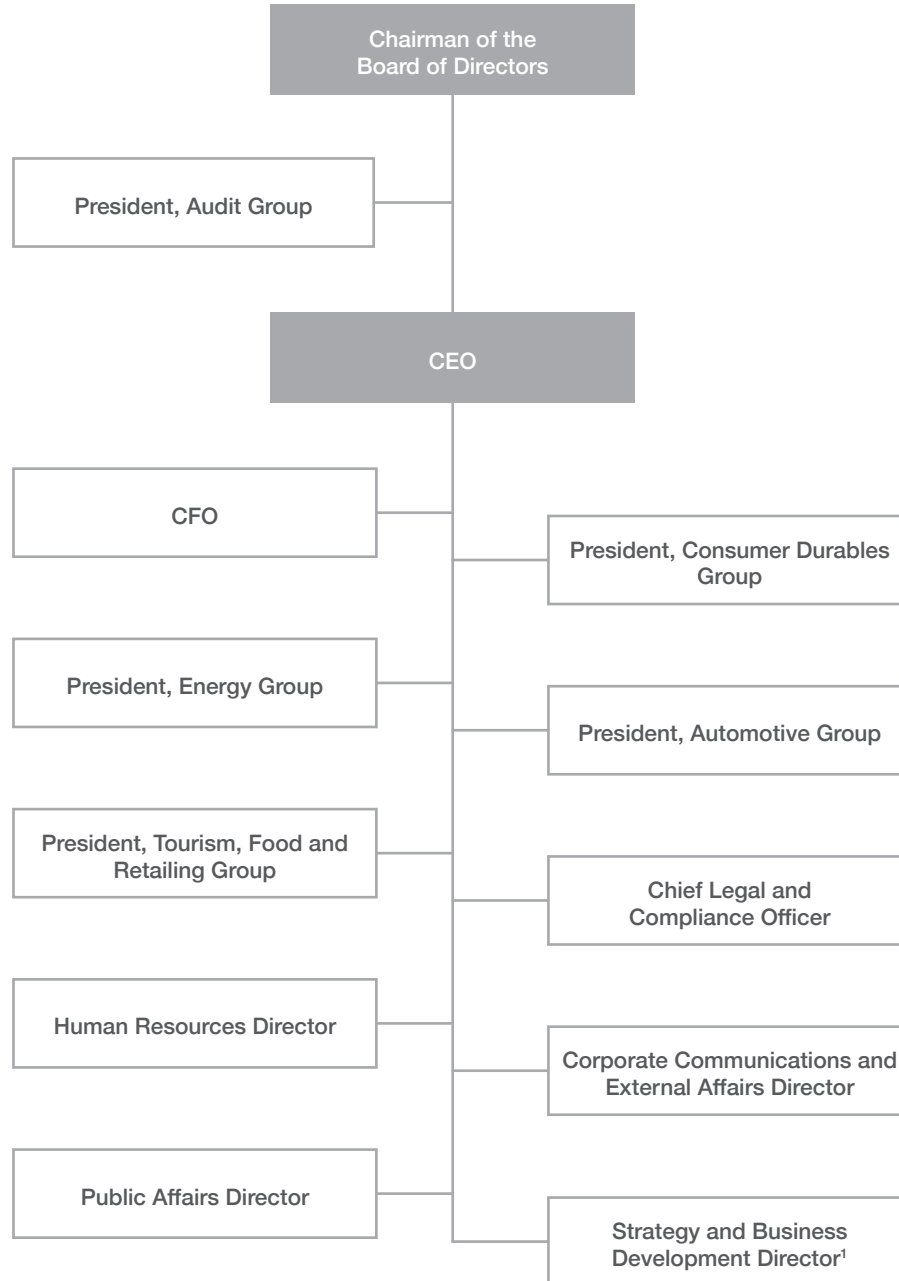
The BoD may not always be able to meet as often as it would like, therefore one of the functions of the Executive Committee is to monitor developments in the Company's sectors of operation and to keep the BoD informed of them. Another of its functions is to provide coordination between the administrative structure of the Company and the BoD. It also makes recommendations for developing appropriate Company strategies and increasing the effectiveness of its operations.

## 2020 Board of Directors Structure





## Organization Chart



(1) Formed as of 01.01.2021.

## Board of Directors

### Rahmi M. Koç, Honorary Chairman

A graduate of Johns Hopkins University in Business Administration, he joined the Koç Group in 1958 at Otokoç Ankara. He became Chairman of the Management Committee in 1980 and was named Chairman of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chairman. Apart from Koç Holding, he also serves as a Member / Chairman 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-Chairman of the Business Advisory Council for South East Europe (BAC SEE)
- Vice Chairman of the Board of Trustees of Vehbi Koç Foundation
- Honorary Chairman of the Board of Trustees of Koç University
- Founder and Chairman of the Board of Directors of the Rahmi M. Koç Museum and Cultural Foundation
- Chairman of the Board of Directors of the Vehbi Koç Foundation American Hospital
- Honorary Chairman and Founding Member of TURMEPA, The Turkish Marine and Environment Protection Association
- Honorary Chairman of the Advisory Board of the Turkish Industrial and Business Association (TÜSİAD)
- Member of the Advisory Board of the Turkish Employers Association
- Founding Chairman 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 Aktiengesellschaft International Advisory Board
- Former Member of the JP 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 (April 2012)

**Ömer M. Koç, Chairman**

He received his B.A. degree from Columbia University in 1985. He worked at Kofisa Trading for one year and completed his MBA at Columbia University in 1989. After working at Ramerica International Inc., he joined the Koç Group in 1990. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of the Energy Group. He became Member of the Board of Directors in 2004 and Vice Chairman in May 2008. In February 2016, he was appointed as the Chairman of the Board of Directors of Koç Holding. He serves as the Vice President of TÜSİAD High Advisory Council, Chairman of Tofaş, Tüpraş and Yapı Kredi Kültür Sanat Yayıncılık Board of Directors and Member of the Board of Directors at other Koç Group companies. He is also the Chairman of Turkish Educational Foundation Board of Trustees and Chairman of the Board of Directors of Geyre Foundation.

**Ali Y. Koç, Vice Chairman**

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 as well as President of Corporate Communications and IT Group. After serving as Member of the Board of Directors at Koç Holding for over 8 years, he was elected as Vice Chairman in February 2016. Since April 2016, Ali Y. Koç also serves as Chairman 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 Chairman and Vice Chairman 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 and Member of the Board of Directors of the National Competition Research Association (URAK) and 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 Chairman of the Board of Directors of Vehbi Koç Foundation and the Divan Group, President of the Semahat S. Arsel Nursing Education and Research Center and Founder of 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 Istanbul University.

**Caroline N. Koç, Member**

After graduating from high school at Switzerland's St. George's School, Ms. Koç went on to receive a Bachelor's degree in Business Administration from Babson College, USA. 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. Subsequently, she founded "İlkadım Play and Education Center for Kids" in 1998. She was the acting manager of the Center until 2003. She founded "Haremliques İstanbul" in 2008 and "Selamliques Turkish Coffee" in 2009 and is currently the Chairwoman of the Board of Directors of both companies. In addition, she is a Member of the Board of Directors of several Koç Group companies. 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 Kırış, Member**

She graduated from Koç Private High School in 2002 and from Brown University Department of Biology in 2007. Since March 2012, she has been Board of Directors Chairwoman and CEO of Sirena Marine Maritime Industry and Trade Inc.; a subsidiary of Kırış Holding. Besides being a Founding Member of the Suna and İnan Kırış Foundation, İpek Kırış continues to work as a Board of Directors Chairwoman for Koç School, Board of Directors Member for Vehbi Koç Foundation, Temel Trade and Investment Inc., Moment Health Services Trade Inc., Zer Central Services Inc., Arçelik Marketing Inc., TEGV (Educational Volunteers Foundation of Turkey), Setur Service Touristic Inc. and Board of Trustees Member of TEGV (Educational Volunteers Foundation of Turkey), GEV (Galatasaray Education Foundation) and Koç University. She has been a Member of Koç Holding Board of Directors since 2016.

## Board of Directors

### Levent Çakıroğlu, Member

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 Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also Chairman of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chairman of Yapı Kredi Bank and Otokar and Member of the Board of Directors at various Koç Holding companies.

### Jacques A. Nasser, Independent 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 21<sup>st</sup> Century Fox, Brambles Industries and British Sky Broadcasting. From 2002-2019, he was also a Partner or Advisor of One Equity Partners, the private equity arm of JPMorgan. Nasser is presently on the Board of Directors of Fox Corporation. 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 Koç Holding Board of Directors since 2015.

### Anne Lauvergeon, Independent Member

Anne Lauvergeon is a graduate of the Ecole Normale Supérieure and the French National School of Mining Engineer. She holds an advanced degree in Physics and Chemistry. She started her professional career in 1983, in the iron and steel industry (Usinor). In 1984, she directed the European nuclear safety studies applied to the chemical industry for CEA (Commissariat à l'Energie Atomique, the public technological research organization in France). From 1985 to 1988, she supervised the underground activities in and around Paris and was appointed Deputy Director of the General Mining Council in 1988. From 1990 to 1995, she worked for the French President's office, in charge of international economy and foreign trade missions and Deputy Chief of Staff in 1991. At the same time, she became Personal Representative to the French President, in charge of the G7/G8 Summits. In 1995, she became Managing Director and Partner of Lazard Frères (New York, Paris). In March 1997, she joined Alcatel Telecom as Senior Executive Vice President and was appointed Member of the Executive Committee in 1998. She was in charge of the international network and the Group's interests in energy, defense, transportation and nuclear fields. From July 2001 to June 2011, after its creation, she was Chief Executive Officer of AREVA. From June 1999 to June 2011, she was Chairman of the Board of Directors and Chief Executive Officer of COGEMA (now AREVA NC). From 2013 to 2018, she was Chairman of Innovation 2030 National Committee. Since 2011, Anne Lauvergeon is Founder and CEO of A.L.P, an advisory and investment company. Since 2014, she is Chairman of the Board of Directors of Sigfox, the world leading IoT operator. In 2018, she is appointed Co-Chairman of the Innovation Committee of the MEDEF (Mouvement des Entreprises de France). Anne Lauvergeon is a Board Member of American Express, Suez and Avril. She has been a Member of Koç Holding Board of Directors since 2016.



**Emily K. Rafferty, Independent Member**

Emily K. Rafferty, President Emerita of The Metropolitan Museum of Art, served for 40 years at the Museum: as chief of institutional advancement, Senior Vice President of External Affairs, and as President 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. Ms. Rafferty's global experience took her to more than 50 countries as she worked with government and private sector officials on initiatives involving funding, marketing, international art loans, legislative affairs, and cultural issues. Ms. Rafferty served as a Board Member of the New York Federal Reserve Bank (2011-2017; Chair, 2012-2016); as Chair of NYC & Company, the city's official tourism and marketing organization, from 2008 to 2020, where she continues to serve on the Executive Committee; and as a UNESCO Senior Adviser for Heritage Protection and Conservation (2015-2017). She is a Board Member of the National September 11 Memorial & Museum (2005-present; Vice Chairman, 2019-present), Carnegie Hall (October 2018-present), Civitella Ranieri's Artist Residency Program (2018-present), the Hispanic Society Library & Museum (2019-present), and the Association of Art Museum Curators (2019-present). She also serves as a Board Member of PJT Partners (2015-present). An Advisory Board Member of the Bipartisan Congressional Commission for the feasibility of an American Museum of Women's History in Washington, D.C. (May 2015-December 2016), she continues to serve as an advisor to the project, which received Congressional approval to proceed as part of the Smithsonian in December 2020. As principal of Emily K. Rafferty & Associates, she currently consults for several organizations, including Russell Reynolds Associates, serving as a Senior Advisor to the Firm in the Non-Profit Sector and independent clients. She is a member of the Advisory Council of the American University of Beirut and a member of the Advisory Board of The European Fine Arts Fair (TEFAF). She served as a Hauser Leader at Harvard Kennedy School's Center for Public Leadership (Fall 2019). A Member of the Council on Foreign Relations, she also lectures widely on topics relating to non-profit and board governance, fundraising and cultural heritage. The recipient of many awards and honors, Ms. Rafferty was named by Crain's New York Business one of New York City's 100 most influential women from over a five-year period, and in Fall 2015 she was elected to its Hall of Fame. She is a recipient of New York University's Lewis Rudin Award for Exemplary Service to New York City (2012), a Lifetime Achievement Award from the 9/11 Memorial and Museum, and was recognized as a Living Landmark by the New York Landmarks Conservancy as a Living Landmark (2019). 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 Chairman of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chairman 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 Chairman 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 İstanbul-based Coca-Cola İçecek, Efes Biracılık ve Malt Sanayii, Kamil Yazıcı Yönetim ve Danışmanlık, Pegasus Airlines (independent member), Şişecam A.Ş. (independent member) and Vienna-based DO & CO Aktiengesellschaft. 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). He is also the Chairman of the Board of Directors of Global Relations Forum. Dr. Kozlu, who served as a lecturer at Boğaziçi and Denison universities at different times, has published 9 books, numerous articles and produced a TV series on leadership. He has been a Member of Koç Holding Board of Directors since 2019.

## Executive Management

### Levent Çakıroğlu, 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 Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also Chairman of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chairman of Yapı Kredi Bank and Otokar and Member of the Board of Directors at various Koç Holding companies.

### Özgür Burak Akkol, Human Resources Director

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, and as a System Development and Human Resources Coordinator between 2010 and 2014. Since April 2014, he has been working as Koç Holding Human Resources Director. Akkol is the Chairman of Board of Koç Pension & Assistance Foundation, Koç Group Sports Association, 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).

### Ahmet Ashaboğlu, CFO

Ahmet F. Ashaboğlu holds a Bachelor of Science degree from Tufts University and a Master's of Science degree from Massachusetts Institute of Technology (MIT) in Mechanical Engineering. In 1994, he began his career as a Research Assistant at MIT. Between 1996-1999, Ashaboğlu held various positions in capital markets within UBS Warburg, New York. Between 1999-2003, he worked as a Consultant at McKinsey & Company, New York. In 2003, Ashaboğlu joined Koç Holding as Finance Group Coordinator. Since 2006, he has been serving as the CFO of Koç Holding.

### 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.

### Cenk Çimen, President, Automotive Group

He graduated from İstanbul Technical University in Industrial Engineering and completed Executive Development Programs at Stanford University (USA) and the University of California at Los Angeles (USA). He joined the Koç Group in 1991 as Management Trainee at Nasoto. He assumed Sales Coordinator, Regional Manager and Import Manager responsibilities at Otosan Pazarlama between 1993 and 1996. He served as Fleet Sales Manager at Ford Otosan between 1996 and 1998 and became the General Manager of Otokoç Ankara in 1998. In 2001, he was appointed as the General Manager of the companies merged under Otokoç. In 2005 his responsibility was extended to include the General Manager role for Birmot A.Ş., also assuming responsibility for Avis car rental. He has been serving as the President of Automotive Group at Koç Holding since June 2009.

**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. He is also a Member of the Board of Directors of Turkish Industry & Business Association (TÜSİAD) and Turkish Exporters Assembly (TİM).

**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 CFO of Arçelik; 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 General Manager of Aygaz. In October 2015, he was appointed Deputy President of the Energy Group at Koç Holding and since April 2016 he has been serving as the President of Energy Group. Mr. Eyüboğlu currently serves as a Board Member both in several Koç Holding companies and non-governmental organizations.

**Tamer Haşımoğlu, President, Tourism, Food and Retailing Group**

He graduated from İstanbul Technical University in Mechanical Engineering and earned a Master's degree in International Business from İstanbul University, Institute of Business Administration and Economics. He started his career in 1989 at Koç Holding as a Management Trainee in the Planning Department and later became Specialist, Manager and Coordinator of the Strategic Planning Department. He was appointed Koç Holding Strategic Planning Group Acting President in January 2004 and he served as the President of Strategic Planning Group between May 2004 and April 2011. He has been serving as the President of Tourism, Food and Retailing Group at Koç Holding since April 2011. He serves as a Board member of some Koç Group companies and is a member of the Turkish Industry & Business Association (TÜSİAD), member of the Turkish Tourism Investors' Association (TTTD), member of the Board of İMEAK Chamber of Shipping and member of the Board of Trustees of Hisar Educational Foundation (HEV).

**Oya Ünlü Kızıl, Corporate Communications and External Affairs Director**

After receiving her Bachelor's degree in Business Administration from the Middle East Technical University, Kızıl started her career in 1992 as a specialist in the Republic of Turkey Prime Ministry Privatization Administration. Kızıl received a Master's degree in International Business Administration from George Washington University in 1997 with government scholarship, and then worked in Washington, D.C. for five years as a Portfolio Director of Middle East and North Africa in the World Bank. Between 2001 and 2003, she became the Chief Advisor of the Prime Minister in the Ministry of Economy. In 2003, she started working for Koç Holding as a CEO Advisor. Kızıl continues her career as the Corporate Communications and External Affairs Director. In 2008, she was selected as a "Yale World Fellow" by Yale University in 2008 and received leadership training in this program. Kızıl is a member of Turkish Industry & Business Association (TÜSİAD) and a member of the Board of Directors of İstanbul Foundation for Culture & Arts (İKSV), Suna & İnan Kıraç Foundation (TAPV) and World Wide Fund for Nature (WWF).

**Ali Tank Uzun, President, Audit Group**

He graduated from Ankara University in Faculty of Political Science with a BA in Economics in 1985 and earned his MBA degree from Koç University in 1995. He started his career in 1985 as an Account Specialist at the Ministry of Finance, joining Koç Holding in 1992 as Assistant Coordinator of Financial Affairs in the Audit and Finance Group. He served as Coordinator of Audit Group between 1999 and 2003. He has been serving as the President of Audit Group at Koç Holding since 2004. He is a member of Turkish Industry & Business Association (TÜSİAD), Turkish Marine Environment Protection Association (TURMEPA) and Alumni Association of Ankara University Faculty of Political Science.

**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. Between 2000 and 2006, he worked as Assistant Chief Legal Counsel. Since 2006, he has been working as the General Counsel of Koç Holding. Mr. Yılmaz is a founding member of Turkish Center for Ethical Values Foundation and founding member and Vice Chairman of the Board of Directors of Turkish Institute of Nautical Archeology (TINA) and Vice Chairman of the Board of Directors of Koç Holding Pension and Support Fund Foundation, and a member of Turkish Industry & Business Association (TÜSİAD).

# 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 47-60). 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.
- 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.

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 mitigates risks through establishing common standards for cyber security applicable to the Koç Group, determining controls regarding new cyber risks, and taking action promptly in case of cyber incidents. Risk is transferred through the 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. Legal Risks

Koç Holding has developed various systems against potential legal and compliance related risks (including those related to sanctions and export control and human rights violations, anti-bribery and corruption, money laundering, data protection and competition law violations). These systems, which form an online database developed for the purpose of early warning, include the intellectual property rights management program, the competition compliance program, the legal compliance test (HUY) and the new compliance program. For more information about the new compliance program, please refer to Compliance Program [page 61].

### Risk Management Committee Activities

In 2012, a Risk Management Committee was set up for the purpose of implementing all measures deemed necessary for early detection of risks and managing those risks. Since 14 April 2020 Jacques A. Nasser, an independent member of Board of Directors, has been the Chairman of the Risk Management Committee. Caroline N. Koç, a Member of the Board of Directors, was appointed as the other Committee Member on the same date.

The Committee held 7 meetings in 2020. It has evaluated Koç Holding Risk Management System and the principles of risk reporting, and analyzed 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. It also reviews the Risk Management System and monitors whether the departments which assume the management of risks act in compliance with the resolutions of the Committee. The Committee also reviews information systems security processes. Reports and committee assessments are periodically provided to the Board of Directors.

In its report dated 15 February 2021, 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.

## 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.

The Internal Control System is composed of standard descriptions, job descriptions, authorization processes, policies and written procedures defined in the workflows.

### Evaluation on Internal Control System and Internal Audit Activities

The Internal Control System is periodically reviewed and audited for effectiveness by the Internal Audit Group. Audit Committee is periodically informed about the Internal Control System and Internal Audit activities.

### Audit Information

There is no private or public audit activity finalized in 2020.

### 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: 15 February 2021

RESOLUTION NUMBER: 03

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 01.01.2020 – 31.12.2020 under the CMB Financial Reporting Communiqué 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 Communiqué 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 Chairman

(signature)

Emily K. Rafferty  
Committee Member

(signature)

Ahmet F. Ashaboğlu  
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: 11 March 2021

RESOLUTION NUMBER: 12

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 2020 prepared by the Company in accordance with Turkish Commercial Code and CMB Financial Reporting Communiqué 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 Chairman

(signature)

Emily K. Rafferty  
Committee Member

(signature)

Ahmet F. Ashaboğlu  
CFO

### Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2020, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Friday, 9 April 2021 at 4.00pm, at Koç Holding headquarters, Nakkaştepe Azizbey Sok. No. 1, 34674 Kuzguncuk-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.







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**CONSOLIDATED FINANCIAL STATEMENTS****AT 31 DECEMBER 2020 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 statement of balance sheet as at 31 December 2020 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 2020, 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 (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)

| Key audit matters  | How our audit addressed the key audit matter   |
|--|--|
| <p><b>Accounting for step acquisition</b></p> <p>As a result of the share transfer on 5 February 2020 ("closing date"), the Group obtained the power to control Koç Finansal Hizmetler A.Ş. ("KFS") and its subsidiary, Yapı ve Kredi Bankası A.Ş. ("YKB"), which were previously accounted for as joint ventures.</p> <p>Consequently, these companies became subsidiaries of the Group and are accounted for as such since then. Transaction is accounted for as a step acquisition within the framework of TFRS 3 "Business Combinations".</p> <p>The fair values of identifiable assets and liabilities in the balance sheet of YKB and the resulting negative goodwill are material to the consolidated financial statements. In addition, significant judgments and estimates are used in the calculation of fair value of previously held equity interest and the purchase price allocation exercise, which were performed by the Group management by using valuation experts. Fair value calculations based on these judgements and estimates, had a significant impact on the consolidated financial statements. Therefore, accounting for this step acquisition is a key matter for our audit.</p> <p>Please refer to notes 2.4 and 3 to the consolidated financial statements for the relevant disclosures, and the accounting policy related to the accounting for step acquisition.</p> | <p>We performed the following procedures in relation to the accounting for step acquisition:</p> <ul style="list-style-type: none"> <li>- Evaluating the impacts of sale and purchase agreements on the accounting of the transaction,</li> <li>- Through involvement of our TFRS experts, assessing the accounting conclusions reached by the Group management considering the relevant standard's requirements,</li> <li>- Performing audit procedures on YKB's closing date balance sheet which was the basis of the purchase and price allocation exercise,</li> <li>- Through involvement of our internal valuation experts, assessing the fair value calculation method for remeasurement of the previously held equity interest based on the requirements of TFRS 3,</li> <li>- Through involvement of our internal valuation experts, assessing the completeness of the intangible assets identified as part of the business combination in the purchase and price allocation exercise by comparing to similar domestic and international transactions,</li> <li>- Through involvement of our internal valuation experts, testing significant judgements used in purchase and price allocation exercise including return on equity, multiplier value, control premium discount rate, discount rate used to calculate net present value of dividend payments and growth rates and benchmarking these against the rates used in the industry,</li> <li>- Inquiries with Group management for analyzing their future cash flow estimates in light of macroeconomic forecasts,</li> <li>- Through involvement of our internal valuation experts, testing the sensitivity of the assumptions used in the purchase and price allocation exercise to changes in market conditions,</li> <li>- Through involvement of our internal valuation experts, assessing the appropriateness of the fair value adjustments and intangible assets recognized as a result of the purchase and price allocation exercise performed by the Group,</li> <li>- Testing the mathematical accuracy of the calculations and the appropriateness of the final accounting entries,</li> <li>- Testing the disclosures in the consolidated financial statements in relation to the accounting for step acquisition and evaluating the adequacy of such disclosures for TFRS requirements.</li> </ul> <p>We had no material findings related to the accounting for step acquisition as a result of these procedures.</p> |

## INDEPENDENT AUDITORS' REPORT

### 3. Key Audit Matters (Continued)

| Key audit matters  | How our audit addressed the key audit matter   |
|--|--|
| <p><b><i>Impairment tests of tangible and indefinite-life intangible assets</i></b></p> <p>The consolidated financial statements as of and for the year ending 31 December 2020 include goodwill and brands under intangible assets, with carrying values of TL 3.725.523 thousand and TL 3.628.278 thousand, respectively. While TL 2.736.463 thousand of the total goodwill is related to the energy segment, TL 2.013.259 thousand of the total goodwill is related to financial services segment, the rest of the goodwill and the brands are related to the durable goods industry. These indefinite-life intangible assets should be tested for impairment annually, as required by TFRS.</p> <p>In addition, Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş") management performed impairment tests on their tangible assets amounting to TL 8.010.829 thousand in accordance with the requirements of TAS 36 "Impairment of assets", upon the indications of impairment on the relevant assets due to the negative conditions resulting from Covid 19 pandemic.</p> <p>Relevant tangible and 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 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 outcome of such estimates is very sensitive to changes in market conditions. Therefore, these impairment tests are key matters for our audit.</p> <p>Please refer to notes 2.4, 2.5, 2.6, 15 and 16 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.</p> | <p>We performed the following procedures in relation to the impairment tests of tangible and indefinite-life intangible assets:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of the Cash Generating Units ("CGUs") determined by management,</li> <li>- Understanding management's future plans and cash flow forecasts for relevant segments while taking into account the impacts of Covid 19 pandemic and evaluating these in light of available macroeconomic data,</li> <li>- Challenging the future plans of energy segment, which is affected negatively from Covid 19 pandemic, by considering different recovery scenarios,</li> <li>- Assessing reasonableness of forecasted cash flows for each CGU by comparing them against their historical financial performance,</li> <li>- 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,</li> <li>- Testing the setup of the discounted cash flow models and their mathematical accuracy,</li> <li>- Testing management's sensitivity analysis for key assumptions,</li> <li>- 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.</li> </ul> <p>We had no material findings related to the impairment tests of relevant assets as a result of these procedures.</p> |

## 3. Key Audit Matters (Continued)

| Key audit matters  | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Yapı ve Kredi Bankası A.Ş. ("YKB") - Impairment of loans and receivables</b></p> <p>Consolidated financial statements as of 31 December 2020 include an impairment provision of TL 24.656.779 thousand in relation to loans and receivables of YKB amounting TL 318.666.771 thousand. Aforementioned amounts represent a significant portion of the YKB's and Koç Holding's total assets.</p> <p>Due to <sup>(1)</sup> complexity of estimates and information used in the impairment assessment such as historical loss experiences, current conditions, forward looking macro-economic expectations; <sup>(2)</sup> significance of loans and receivables in the consolidated financial statements; <sup>(3)</sup> level of judgments and estimations made by the management used in classification of loans as per their credit risk (staging) and <sup>(4)</sup> 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. In addition, the negative conditions of Covid 19 pandemic increased the significance of the judgements and assumptions used in the determination of the expected credit loss by the Group management in the current year.</p> <p>Please refer to notes 2.4, 2.5, 10, 32 and 35 to the consolidated financial statements for the accounting policy and the relevant disclosures.</p> | <p>We performed the following procedures in relation to the impairment of loans and receivables:</p> <ul style="list-style-type: none"> <li>- 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,</li> <li>- Inquiries with YKB's management about their forward-looking assumptions which also includes the impacts of Covid 19 pandemic in the expected credit loss calculations, and evaluation of those assumptions by using publicly available information,</li> <li>- 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 projection of macroeconomic expectations,</li> <li>- Through involvement of our macroeconomic experts, assessing appropriateness and supportability of forward-looking expectations (including macroeconomic factors),</li> <li>- Through involvement of financial risk experts, testing selected models used in determination of provisions for various credit portfolios on a sample selection basis,</li> <li>- 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,</li> <li>- 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,</li> <li>- 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 by considering the areas that are impacted by the Covid 19 pandemic uncertainties,</li> <li>- 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,</li> <li>- Testing the mathematical accuracy of expected credit losses calculations,</li> <li>- 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,</li> <li>- Testing the adequacy of the disclosures in the consolidated financial statements in relation to the impairment of loans and receivables.</li> </ul> <p>We had no material findings related to the impairment tests of impairment of loans and receivables as a result of these procedures.</p> |

## INDEPENDENT AUDITORS' REPORT

### 3. Key Audit Matters (Continued)

| Key audit matters   | How our audit addressed the key audit matter   |
|---|--|
| <p><b>Yapı ve Kredi Bankası A.Ş. ("YKB") -Valuation of Pension Fund ("Pension Fund") obligations</b></p> <p>The consolidated financial statements as of 31 December 2020 include a provision for Pension Fund liabilities of YKB in amounting to TL 1.461.542 thousand under non-current liabilities.</p> <p>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.</p> <p>Please refer to notes 2.4, 2.5 and 20 to the consolidated financial statements for the accounting policy and the relevant disclosures.</p> | <p>We performed the following procedures in relation to the relevant obligations:</p> <ul style="list-style-type: none"> <li>- Testing, on a sample basis, the accuracy of the employee data supplied by the Group management to the external actuary firm for the purpose of evaluation pension obligation,</li> <li>- Verifying the existence and values of the Pension Fund assets,</li> <li>- 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,</li> <li>- Through use of our actuarial specialist, assessing the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability,</li> <li>- Testing the adequacy of the disclosures in the consolidated financial statements in relation to the Pension Fund obligations.</li> </ul> <p>We had no material findings related to the valuation of Pension Fund obligations as a result of these procedures.</p> |



#### 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 2020 for the consolidated balance sheet; and the official EUR and USD average CBRT bid rates of the year 2020 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.

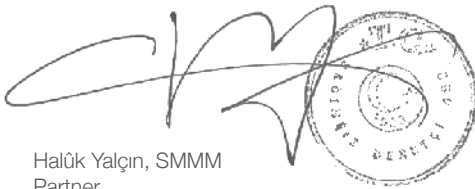
We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 2020 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 15 February 2021.

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



Halûk Yalçın, SMMM  
Partner

İstanbul, 15 February 2021

**KOÇ HOLDİNG A.Ş.****CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY- 31 DECEMBER 2020****CONTENTS**

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## KOÇ HOLDİNG A.Ş. CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

|  | Notes | 2020<br>₺ EUR'000 | 2020<br>₺ USD'000 | Audited<br>2020<br>TL'000 | Audited<br>2019<br>TL'000 |
|--|-------|-------------------|-------------------|---------------------------|---------------------------|
| <b>ASSETS</b>  |       |                   |                   |                           |                           |
| <b>Current assets:</b>                                   |       |                   |                   |                           |                           |
| Cash and cash equivalents                                | 5     | 6.700.874         | 8.222.982         | 60.360.801                | 37.816.360                |
| Balances with the Central Bank of the Republic of Turkey | 6     | 5.436.591         | 6.671.517         | 48.972.272                | -                         |
| Financial assets   | 7     | 680.141           | 834.636           | 6.126.643                 | -                         |
| Trade receivables  | 9     | 2.273.419         | 2.789.828         | 20.478.731                | 19.272.813                |
| - Related parties  | 9     | 137.605           | 168.862           | 1.239.528                 | 1.596.412                 |
| - Third parties  | 9     | 2.135.814         | 2.620.966         | 19.239.203                | 17.676.401                |
| Receivables from finance sector operations               | 10    | 17.480.468        | 21.451.170        | 157.462.310               | 1.371.816                 |
| Derivative instruments                                   | 11    | 257.225           | 315.654           | 2.317.060                 | 401.156                   |
| Inventories  | 12    | 2.070.610         | 2.540.950         | 18.651.844                | 17.430.843                |
| Other receivables  | 22    | 243.556           | 298.879           | 2.193.924                 | 3.151.809                 |
| Other current assets                                     | 23    | 2.754.201         | 3.379.820         | 24.809.568                | 2.742.046                 |
|  |       | 37.897.085        | 46.505.436        | 341.373.153               | 82.186.843                |
| Assets held for sale                                     | 25    | 22.349            | 27.426            | 201.321                   | 41.919                    |
| <b>Total current assets</b>                              |       | <b>37.919.434</b> | <b>46.532.862</b> | <b>341.574.474</b>        | <b>82.228.762</b>         |
| <b>Non-current assets:</b>                               |       |                   |                   |                           |                           |
| Financial assets   | 7     | 8.123.060         | 9.968.219         | 73.171.712                | 1.579.942                 |
| Investments accounted for using the equity method        | 8     | 928.867           | 1.139.860         | 8.367.140                 | 19.955.652                |
| Trade receivables  | 9     | 57.932            | 71.091            | 521.842                   | 389.699                   |
| - Third parties  | 9     | 57.932            | 71.091            | 521.842                   | 389.699                   |
| Receivables from finance sector operations               | 10    | 15.294.441        | 18.768.584        | 137.770.791               | 935.471                   |
| Derivative instruments                                   | 11    | 433.184           | 531.583           | 3.902.082                 | 125.265                   |
| Investment properties                                    | 13    | 42.712            | 52.414            | 384.742                   | 394.783                   |
| Property, plant and equipment                            | 14    | 4.276.337         | 5.247.710         | 38.520.817                | 30.153.905                |
| Intangible assets  |       | 1.435.630         | 1.761.735         | 12.932.015                | 7.658.671                 |
| - Goodwill   | 15    | 413.584           | 507.530           | 3.725.523                 | 3.545.249                 |
| - Other intangible assets                                | 16    | 1.022.046         | 1.254.205         | 9.206.492                 | 4.113.422                 |
| Deferred tax assets                                      | 19    | 1.089.290         | 1.336.723         | 9.812.215                 | 5.483.674                 |
| Other non-current assets                                 | 23    | 348.884           | 428.134           | 3.142.714                 | 2.437.764                 |
| <b>Total non-current assets</b>                          |       | <b>32.030.337</b> | <b>39.306.053</b> | <b>288.526.070</b>        | <b>69.114.826</b>         |
| <b>Total assets</b>                                      |       | <b>69.949.771</b> | <b>85.838.915</b> | <b>630.100.544</b>        | <b>151.343.588</b>        |

(\*) 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") at 31 December 2020, 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 2020 have been approved for issue by the Board of Directors ("BOD") on 15 February 2021. 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 HOLDING A.Ş.

## CONSOLIDATED BALANCE SHEETS

### AT 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

|   | Notes | 2020<br>₺ EUR'000 | 2020<br>₺ USD'000 | Audited<br>2020<br>TL'000 | Audited<br>2019<br>TL'000 |
|---|-------|-------------------|-------------------|---------------------------|---------------------------|
| <b>LIABILITIES</b>  |       |                   |                   |                           |                           |
| <b>Current liabilities:</b>   |       |                   |                   |                           |                           |
| Short term borrowings   | 17    | 2.638.423         | 3.237.743         | 23.766.653                | 13.641.034                |
| Short term portion of long term borrowings                                  | 17    | 5.323.946         | 6.533.285         | 47.957.577                | 7.644.733                 |
| Trade payables  | 9     | 3.223.792         | 3.956.078         | 29.039.594                | 26.727.432                |
| - Related parties   | 9     | 292.897           | 359.429           | 2.638.387                 | 1.118.902                 |
| - Third parties   | 9     | 2.930.895         | 3.596.649         | 26.401.207                | 25.608.530                |
| Payables of finance sector operations                                       | 18    | 30.428.997        | 37.340.966        | 274.101.362               | -                         |
| Derivative instruments  | 11    | 520.491           | 638.721           | 4.688.529                 | 124.311                   |
| Current income tax liabilities  | 19    | 176.199           | 216.222           | 1.587.179                 | 96.602                    |
| Short term provisions   | 21    | 208.554           | 255.927           | 1.878.630                 | 1.418.190                 |
| Other payables  | 22    | 452.459           | 555.235           | 4.075.701                 | 3.812.230                 |
| Other current liabilities   | 23    | 3.039.955         | 3.730.486         | 27.383.629                | 5.560.146                 |
|   |       | 46.012.816        | 56.464.663        | 414.478.854               | 59.024.678                |
| Liabilities related to assets held for sale                                 | 25    | 1.566             | 1.922             | 14.110                    | 1.443                     |
| <b>Total current liabilities</b>  |       | <b>46.014.382</b> | <b>56.466.585</b> | <b>414.492.964</b>        | <b>59.026.121</b>         |
| <b>Non-current liabilities:</b>   |       |                   |                   |                           |                           |
| Long term borrowings  | 17    | 12.220.719        | 14.996.664        | 110.083.014               | 39.010.324                |
| Payables of finance sector operations                                       | 18    | 340.765           | 418.170           | 3.069.577                 | -                         |
| Derivative instruments  | 11    | 749.125           | 919.290           | 6.748.047                 | 142.587                   |
| Other payables  | 22    | 23.019            | 28.247            | 207.350                   | 414.700                   |
| Deferred tax liabilities  | 19    | 139.723           | 171.461           | 1.258.612                 | 1.023.651                 |
| Long term provisions  |       | 553.567           | 679.310           | 4.986.473                 | 1.074.546                 |
| - Long term provisions for employee benefits                                | 20    | 381.303           | 467.916           | 3.434.738                 | 935.265                   |
| - Other long term provisions  | 21    | 172.264           | 211.394           | 1.551.735                 | 139.281                   |
| Other non-current liabilities   | 23    | 131.380           | 161.223           | 1.183.455                 | 999.624                   |
| <b>Total non-current liabilities</b>  |       | <b>14.158.298</b> | <b>17.374.365</b> | <b>127.536.528</b>        | <b>42.665.432</b>         |
| <b>Total liabilities</b>  |       | <b>60.172.680</b> | <b>73.840.950</b> | <b>542.029.492</b>        | <b>101.691.553</b>        |
| <b>Equity:</b>  |       |                   |                   |                           |                           |
| Paid-in share capital   | 24    | 281.519           | 345.467           | 2.535.898                 | 2.535.898                 |
| Adjustment to share capital   | 24    | 107.382           | 131.774           | 967.288                   | 967.288                   |
| Share premium   |       | 1.031             | 1.265             | 9.286                     | 9.286                     |
| Other comprehensive income/expense not to be reclassified to profit or loss | 24    | (30.942)          | (37.970)          | (278.721)                 | (297.850)                 |
| Other comprehensive income/expense to be reclassified to profit or loss     | 24    | 129.580           | 159.014           | 1.167.240                 | (405.009)                 |
| Restricted reserves   | 24    | 58.145            | 71.353            | 523.765                   | 523.765                   |
| Prior years' income   |       | 3.568.514         | 4.379.104         | 32.144.813                | 28.557.523                |
| Profit for the period   |       | 1.029.382         | 1.263.207         | 9.272.570                 | 4.391.159                 |
| Equity holders of the parent  |       | 5.144.611         | 6.313.214         | 46.342.139                | 36.282.060                |
| Non-controlling interests   |       | 4.632.480         | 5.684.751         | 41.728.913                | 13.369.975                |
| <b>Total equity</b>   |       | <b>9.777.091</b>  | <b>11.997.965</b> | <b>88.071.052</b>         | <b>49.652.035</b>         |
| <b>Total liabilities and equity</b>   |       | <b>69.949.771</b> | <b>85.838.915</b> | <b>630.100.544</b>        | <b>151.343.588</b>        |

#### Commitments and contingent liabilities

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(\*) 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 at 31 December 2020, 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 2020 AND 2019

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

|   | Notes     | 2020<br>₺ EUR'000   | 2020<br>₺ USD'000   | Audited<br>2020<br>TL'000 | Audited<br>2019<br>TL'000 |
|---|-----------|---------------------|---------------------|---------------------------|---------------------------|
| Revenue   | 26        | 17.755.286          | 20.336.123          | 142.535.886               | 152.906.954               |
| Revenue from finance sector operations                                    | 26        | 5.137.322           | 5.884.062           | 41.241.390                | 609.053                   |
| <b>Total revenue</b>  | <b>4</b>  | <b>22.892.608</b>   | <b>26.220.185</b>   | <b>183.777.276</b>        | <b>153.516.007</b>        |
| Cost of sales   | 27        | (14.940.006)        | (17.111.625)        | (119.935.381)             | (131.551.404)             |
| Cost of finance sector operations   | 27        | (2.430.429)         | (2.783.707)         | (19.511.001)              | (379.844)                 |
| <b>Total costs</b>  |           | <b>(17.370.435)</b> | <b>(19.895.332)</b> | <b>(139.446.382)</b>      | <b>(131.931.248)</b>      |
| Gross profit (non-finance)  |           | 2.815.280           | 3.224.498           | 22.600.505                | 21.355.550                |
| Gross profit (finance)  |           | 2.706.893           | 3.100.355           | 21.730.389                | 229.209                   |
| <b>Gross profit</b>   |           | <b>5.522.173</b>    | <b>6.324.853</b>    | <b>44.330.894</b>         | <b>21.584.759</b>         |
| Marketing expenses  | 27        | (1.214.184)         | (1.390.673)         | (9.747.230)               | (8.150.011)               |
| General administrative expenses   | 27        | (1.594.423)         | (1.826.182)         | (12.799.708)              | (5.158.955)               |
| Research and development expenses   | 27        | (56.606)            | (64.834)            | (454.419)                 | (344.697)                 |
| Other operating income  | 28        | 607.698             | 696.030             | 4.878.475                 | 3.626.010                 |
| Other operating expenses  | 28        | (1.537.503)         | (1.760.988)         | (12.342.768)              | (4.086.379)               |
| Share of profit/loss of investments accounted for using the equity method | 8         | 369.550             | 423.266             | 2.966.673                 | 2.902.947                 |
| <b>Operating profit</b>   | <b>4</b>  | <b>2.096.705</b>    | <b>2.401.472</b>    | <b>16.831.917</b>         | <b>10.373.674</b>         |
| Gains from investment activities  | 29        | 468.838             | 536.986             | 3.763.736                 | 133.224                   |
| Losses from investment activities   | 29        | (23.614)            | (27.047)            | (189.569)                 | (33.464)                  |
| <b>Operating profit before financial income/(expense)</b>                 |           | <b>2.541.929</b>    | <b>2.911.411</b>    | <b>20.406.084</b>         | <b>10.473.434</b>         |
| Financial income  | 30        | 2.038.422           | 2.334.719           | 16.364.045                | 11.039.996                |
| Financial expense   | 30        | (2.856.365)         | (3.271.555)         | (22.930.327)              | (15.966.207)              |
| <b>Profit before tax</b>  | <b>4</b>  | <b>1.723.986</b>    | <b>1.974.575</b>    | <b>13.839.802</b>         | <b>5.547.223</b>          |
| <b>Tax income/(expense)</b>   |           | <b>(150.291)</b>    | <b>(172.136)</b>    | <b>(1.206.505)</b>        | <b>374.061</b>            |
| - Current income tax expense  | 19        | (475.783)           | (544.941)           | (3.819.493)               | (578.211)                 |
| - Deferred tax income   | 19        | 325.492             | 372.805             | 2.612.988                 | 952.272                   |
| <b>Profit for the period</b>  |           | <b>1.573.695</b>    | <b>1.802.439</b>    | <b>12.633.297</b>         | <b>5.921.284</b>          |
| <b>Attributable to:</b>   |           |                     |                     |                           |                           |
| Non-controlling interests   | 4         | 418.636             | 479.487             | 3.360.727                 | 1.530.125                 |
| <b>Equity holders of the parent</b>                                       | <b>4</b>  | <b>1.155.059</b>    | <b>1.322.952</b>    | <b>9.272.570</b>          | <b>4.391.159</b>          |
| <b>Earnings per share (Kı)</b>  | <b>37</b> |                     |                     | <b>3,657</b>              | <b>1,732</b>              |

(\*) 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 2020, 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 HOLDING A.Ş.

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

### FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

|  | 2020<br>€ EUR'000 | 2020<br>€ USD'000 | Audited<br>2020<br>TL'000 | Audited<br>2019<br>TL'000 |
|--|-------------------|-------------------|---------------------------|---------------------------|
| <b>Profit for the period</b>   | <b>1.573.695</b>  | <b>1.802.439</b>  | <b>12.633.297</b>         | <b>5.921.284</b>          |
| <b>Other comprehensive income:</b>   |                   |                   |                           |                           |
| <b>Items not to be reclassified to profit/loss</b>   | <b>(28.910)</b>   | <b>(33.112)</b>   | <b>(232.083)</b>          | <b>(141.071)</b>          |
| Gains/(losses) on remeasurements of defined benefit plans  | (28.725)          | (32.900)          | (230.595)                 | (103.727)                 |
| Share of other comprehensive income/(expenses) of investments accounted for using the equity method      | (185)             | (212)             | (1.488)                   | (37.344)                  |
| <b>Taxes relating to other comprehensive income not to be reclassified to profit/loss</b>                | <b>5.740</b>      | <b>6.575</b>      | <b>46.081</b>             | <b>20.158</b>             |
| Gains/(losses) on remeasurements of defined benefit plans, tax effect                                    | 5.740             | 6.575             | 46.081                    | 20.158                    |
| <b>Items to be reclassified to profit/loss</b>   | <b>438.309</b>    | <b>502.020</b>    | <b>3.518.663</b>          | <b>178.110</b>            |
| Currency translation differences   | 387.441           | 443.758           | 3.110.305                 | 800.908                   |
| Gains/(losses) on financial assets measured at fair value through other comprehensive income             | 54.768            | 62.729            | 439.667                   | 51.606                    |
| Gains/(losses) on hedges of net investments in foreign operations  | (191.438)         | (219.265)         | (1.536.827)               | (115.909)                 |
| Gains/(losses) on cash flow hedges   | 225.950           | 258.793           | 1.813.878                 | (137.513)                 |
| Share of other comprehensive income/(expenses) of investments accounted for using the equity method      | (38.412)          | (43.995)          | (308.360)                 | (420.982)                 |
| <b>Taxes relating to other comprehensive income to be reclassified to profit/loss</b>                    | <b>(32.352)</b>   | <b>(37.053)</b>   | <b>(259.713)</b>          | <b>55.042</b>             |
| Gains/(losses) on financial assets measured at fair value through other comprehensive income, tax effect | (5.605)           | (6.419)           | (44.994)                  | (2.594)                   |
| Gains/(losses) on hedges of net investments in foreign operations, tax effect                            | 33.942            | 38.876            | 272.480                   | 25.501                    |
| Gains/(losses) on cash flow hedges, tax effect   | (60.689)          | (69.510)          | (487.199)                 | 32.135                    |
| <b>Other comprehensive income</b>  | <b>382.787</b>    | <b>438.430</b>    | <b>3.072.948</b>          | <b>112.239</b>            |
| <b>Total comprehensive income</b>  | <b>1.956.482</b>  | <b>2.240.869</b>  | <b>15.706.245</b>         | <b>6.033.523</b>          |
| <b>Attributable to:</b>  |                   |                   |                           |                           |
| Non-controlling interest   | 663.904           | 760.407           | 5.329.690                 | 1.839.807                 |
| <b>Equity holders of the parent</b>  | <b>1.292.578</b>  | <b>1.480.462</b>  | <b>10.376.555</b>         | <b>4.193.716</b>          |

(\*) 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 2020, 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.

Presentation

General Assembly

Koç Group

Sectors and Companies

Social Investments

Corporate Governance

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Other Information

# KOÇ HOLDİNG A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

### FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued In Turkish (Note 2.7))

|  |                             |                                   |                  | Items not to be<br>reclassified to<br>profit/loss                 |  | Items to be<br>reclassified<br>to profit/loss |  |
|--|-----------------------------|-----------------------------------|------------------|---|--|---|--|
|  | Paid-in<br>share<br>capital | Adjustment<br>to share<br>capital | Share<br>premium | Gains/(losses) on<br>remeasurement<br>of defined<br>benefit plans | Currency<br>translation<br>differences | Gains/<br>(losses)<br>on hedge                | Gains/(losses) on<br>financial assets<br>measured at fair<br>value through<br>other<br>comprehensive<br>income |
| <b>Balances at 1 January 2019</b>                                | <b>2.535.898</b>            | <b>967.288</b>                    | <b>9.286</b>     | <b>(225.146)</b>  | <b>2.035.535</b>                       | <b>(1.745.920)</b>                            | <b>(569.885)</b>   |
| Transfers  | -                           | -                                 | -                | -   | -                                      | -   | -  |
| Dividends paid   | -                           | -                                 | -                | -   | -                                      | -   | -  |
| Capital increases  | -                           | -                                 | -                | -   | -                                      | -   | -  |
| Acquisitions   | -                           | -                                 | -                | -   | -                                      | -   | -  |
| Transactions with non-controlling<br>interests                   | -                           | -                                 | -                | -   | -                                      | -   | -  |
| Total comprehensive income/<br>(expense)                         | -                           | -                                 | -                | (72.704)  | 494.164                                | (1.246.403)                                   | 627.500  |
| <b>Balances at 31 December 2019</b>                              | <b>2.535.898</b>            | <b>967.288</b>                    | <b>9.286</b>     | <b>(297.850)</b>  | <b>2.529.699</b>                       | <b>(2.992.323)</b>                            | <b>57.615</b>  |
| <b>Balances at 1 January 2020</b>                                | <b>2.535.898</b>            | <b>967.288</b>                    | <b>9.286</b>     | <b>(297.850)</b>  | <b>2.529.699</b>                       | <b>(2.992.323)</b>                            | <b>57.615</b>  |
| Transfers  | -                           | -                                 | -                | -   | -                                      | -   | -  |
| Dividends paid   | -                           | -                                 | -                | -   | -                                      | -   | -  |
| Acquisition of a subsidiary due to<br>change of control (Note 3) | -                           | -                                 | -                | 101.032   | (886.526)                              | 1.345.234                                     | (68.948)   |
| Transactions with non-controlling<br>interests                   | -                           | -                                 | -                | 12  | -                                      | (3.411)                                       | -  |
| Total comprehensive income/<br>(expense)                         | -                           | -                                 | -                | (81.915)  | 1.530.296                              | (744.825)                                     | 400.429  |
| <b>Balances at 31 December 2020</b>                              | <b>2.535.898</b>            | <b>967.288</b>                    | <b>9.286</b>     | <b>(278.721)</b>  | <b>3.173.469</b>                       | <b>(2.395.325)</b>                            | <b>389.096</b>   |

The accompanying notes form an integral part of these consolidated financial statements.



### Retained earnings

| Restricted reserves | Prior years' income | Profit for the period | Equity holders of the parent | Non-controlling interests | Total equity |
|---------------------|---------------------|-----------------------|------------------------------|---------------------------|--------------|
| 523.765             | 24.216.413          | 5.537.028             | 33.284.262                   | 13.674.148                | 46.958.410   |
| -                   | 5.537.028           | (5.537.028)           | -                            | -                         | -            |
| -                   | (1.183.094)         | -                     | (1.183.094)                  | (2.250.332)               | (3.433.426)  |
| -                   | -                   | -                     | -                            | 10.383                    | 10.383       |
| -                   | -                   | -                     | -                            | 83.002                    | 83.002       |
| -                   | (12.824)            | -                     | (12.824)                     | 12.967                    | 143          |
| -                   | -                   | 4.391.159             | 4.193.716                    | 1.839.807                 | 6.033.523    |
| 523.765             | 28.557.523          | 4.391.159             | 36.282.060                   | 13.369.975                | 49.652.035   |
| 523.765             | 28.557.523          | 4.391.159             | 36.282.060                   | 13.369.975                | 49.652.035   |
| -                   | 4.391.159           | (4.391.159)           | -                            | -                         | -            |
| -                   | (670.701)           | -                     | (670.701)                    | (327.393)                 | (998.094)    |
| -                   | (101.032)           | -                     | 389.760                      | 23.186.226                | 23.575.986   |
| -                   | (32.136)            | -                     | (35.535)                     | 170.415                   | 134.880      |
| -                   | -                   | 9.272.570             | 10.376.555                   | 5.329.690                 | 15.706.245   |
| 523.765             | 32.144.813          | 9.272.570             | 46.342.139                   | 41.728.913                | 88.071.052   |

# KOÇ HOLDİNG A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

### FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

|  | Notes     | 2020<br>₺ EUR '000 | 2020<br>₺ USD '000 | Audited<br>2020<br>TL '000 | Audited<br>2019<br>TL '000 |
|--|-----------|--------------------|--------------------|----------------------------|----------------------------|
| <b>A. Cash Flows From Operating Activities:</b>  |           |                    |                    |                            |                            |
| Profit for the period  |           | 1.573.695          | 1.802.439          | 12.633.297                 | 5.921.284                  |
| <b>Adjustments to reconcile profit for the period to cash generated from operating activities:</b>   |           |                    |                    |                            |                            |
| Tax expense/(income)   | 19        | 150.291            | 172.136            | 1.206.505                  | (374.061)                  |
| Undistributed profits of investments account for using the equity method   | 8         | (369.550)          | (423.266)          | (2.966.673)                | (2.902.947)                |
| Depreciation and amortisation  | 4         | 506.186            | 579.763            | 4.063.559                  | 2.765.255                  |
| Adjustments for provisions   | 38        | 134.497            | 154.047            | 1.079.712                  | 302.726                    |
| Adjustments for impairment loss/(reversal of impairment loss)  | 38        | 984.291            | 1.127.363          | 7.901.688                  | 113.587                    |
| Adjustments for non-finance sector interest (income)/expenses, net   | 30        | 484.418            | 554.832            | 3.888.815                  | 3.510.695                  |
| Adjustments for finance sector interest (income)/expenses  |           | (371.687)          | (425.714)          | (2.983.832)                | -                          |
| Fair value losses/(gains) on financial assets  | 30        | -                  | -                  | -                          | (161.764)                  |
| Fair value losses/(gains) on derivative instruments  |           | 412.072            | 471.969            | 3.308.028                  | 495.758                    |
| Unrealised foreign exchange losses/(gains)   |           | (934.618)          | (1.070.470)        | (7.502.929)                | 1.082.111                  |
| - Exchange (gains)/losses on borrowings, net   |           | 2.359.759          | 2.702.764          | 18.943.670                 | 3.870.568                  |
| - Exchange (gains)/losses on cash and cash equivalents, net  |           | (3.294.377)        | (3.773.234)        | (26.446.599)               | (2.702.477)                |
| - Exchange (gains)/losses related to financial assets, net   |           | -                  | -                  | -                          | (85.980)                   |
| Losses/(gains) on disposal of non-current assets   | 29        | (19.552)           | (22.394)           | (156.962)                  | (45.504)                   |
| Other adjustments related to reconciliation of profit/(loss)   |           | (436.809)          | (500.301)          | (3.506.614)                | (627)                      |
| - Income arising from change of control  | 29        | (373.121)          | (427.356)          | (2.995.339)                | -                          |
| - Termination fee income   | 29        | (63.688)           | (72.945)           | (511.275)                  | -                          |
| - Gain on bargain purchase   | 29        | -                  | -                  | -                          | (627)                      |
| Losses/(gains) on sale of interest in a subsidiary   | 29        | -                  | -                  | -                          | 4.320                      |
|  |           | <b>2.113.234</b>   | <b>2.420.404</b>   | <b>16.964.594</b>          | <b>10.710.833</b>          |
| Changes in working capital   | 38        | 629.585            | 721.098            | 5.054.179                  | 8.053.909                  |
| Income taxes refund/(paid)   |           | (363.496)          | (416.332)          | (2.918.074)                | (655.536)                  |
| Dividend payments received from Joint Ventures, net  | 8         | 138.159            | 158.242            | 1.109.116                  | 908.780                    |
| <b>Total cash flows from operating activities</b>  |           | <b>2.517.482</b>   | <b>2.883.412</b>   | <b>20.209.815</b>          | <b>19.017.986</b>          |
| <b>B. Cash Flows From Investing Activities:</b>  |           |                    |                    |                            |                            |
| Cash outflows from purchases of property, plant and equipment and intangible assets  | 4         | (999.883)          | (1.145.222)        | (8.026.864)                | (5.765.261)                |
| Cash inflows from sale of property, plant and equipment and intangible assets  |           | 184.444            | 211.254            | 1.480.676                  | 1.566.723                  |
| Cash inflows from sale of Subsidiaries without loss of control   |           | 17.728             | 20.305             | 142.316                    | -                          |
| Cash outflows from acquisition of additional interest in Subsidiaries  |           | (923)              | (1.057)            | (7.412)                    | -                          |
| Cash outflows from acquisition of interest/capital increase of Joint Ventures  | 8         | (11.931)           | (13.665)           | (95.776)                   | (169.358)                  |
| Cash outflows from acquisition of interest/capital increase in financial assets  |           | (6.323)            | (7.242)            | (50.758)                   | (31.254)                   |
| Cash outflows from purchase of debt instruments  |           | -                  | -                  | -                          | (1.102.060)                |
| Other cash inflows/(outflows)  |           | 2.415.932          | 2.767.102          | 19.394.621                 | (454.123)                  |
| - Cash inflows/outflows due to business combinations, net  | 3         | 4.649.103          | 5.324.878          | 37.322.072                 | (454.123)                  |
| - Cash inflows from termination fee  | 29        | 63.688             | 72.945             | 511.275                    | -                          |
| - Cash outflows from purchase/sale of financial assets measured at fair value through other comprehensive income and measured at amortised cost, net |           | (2.296.859)        | (2.630.721)        | (18.438.726)               | -                          |
| <b>Total cash flows from investing activities</b>  |           | <b>1.599.044</b>   | <b>1.831.475</b>   | <b>12.836.803</b>          | <b>(5.955.333)</b>         |
| <b>C. Cash Flows From Financing Activities:</b>  |           |                    |                    |                            |                            |
| Dividends paid   |           | (124.330)          | (142.402)          | (998.094)                  | (3.433.426)                |
| Cash inflows from borrowings   | 17        | 11.626.631         | 13.316.632         | 93.336.271                 | 69.495.184                 |
| Cash outflows from repayments of borrowings  | 17        | (12.190.783)       | (13.962.786)       | (97.865.167)               | (64.749.365)               |
| Cash inflows/(outflows) from derivative instruments, net   |           | (92.299)           | (105.716)          | (740.961)                  | (525.474)                  |
| Cash outflows from payments of lease liabilities   | 17        | (98.454)           | (112.765)          | (790.372)                  | (436.480)                  |
| Non-finance sectors interest paid  |           | (584.861)          | (669.874)          | (4.695.147)                | (5.355.343)                |
| Non-finance sectors interest received  |           | 112.598            | 128.965            | 903.917                    | 1.977.648                  |
| Other cash inflows/(outflows)  |           | -                  | -                  | -                          | 10.526                     |
| - Contribution of non-controlling interests to capital increases   |           | -                  | -                  | -                          | 10.383                     |
| - Transactions with non-controlling interests  |           | -                  | -                  | -                          | 143                        |
| <b>Total cash flows from financing activities</b>  |           | <b>(1.351.498)</b> | <b>(1.547.946)</b> | <b>(10.849.553)</b>        | <b>(3.016.730)</b>         |
| Effect of exchange rate changes on cash and cash equivalents   |           | 3.294.377          | 3.773.234          | 26.446.599                 | 2.702.477                  |
| Net increase/(decrease) in cash and cash equivalents   |           | 6.059.405          | 6.940.175          | 48.643.664                 | 12.748.400                 |
| Cash and cash equivalents at the beginning of the period   |           | 4.478.825          | 5.129.849          | 35.955.112                 | 23.206.712                 |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>38</b> | <b>10.538.230</b>  | <b>12.070.024</b>  | <b>84.598.776</b>          | <b>35.955.112</b>          |

(\*) 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 2020, 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 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### 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       |               |
|----------------------------------|----------------|---------------|---------------|---------------|
|                                  | 2020           | 2019          | 2020          | 2019          |
| Monthly paid                     | 45.091         | 46.189        | 45.814        | 46.239        |
| Hourly paid                      | 55.550         | 46.801        | 50.288        | 48.439        |
| <b>Total number of personnel</b> | <b>100.641</b> | <b>92.990</b> | <b>96.102</b> | <b>94.678</b> |

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 2020, the principal shareholders and their respective shareholding rates in Koç Holding are as follows:

|  | %             |
|--|---------------|
| Companies owned by Koç Family members      | 45,05         |
| Koç Family members                         | 19,24         |
| Vehbi Koç Vakfı                            | 7,26          |
| Koç Holding Emekli ve Yardım Sandığı Vakfı | 1,99          |
| Other                                      | 26,46         |
|  | <b>100,00</b> |

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durables
- Finance
- Other (\*)

(\*) 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 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### 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                           |
|--|--------------------------|--|
| Aygaz Aykargo Dağıtım Hizmetleri A.Ş. ("Aygaz Aykargo") <sup>(1)</sup>   | Turkey                   | Cargo Transport/Distribution                 |
| 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                             |
| 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                           |
| 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                           |
| 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 Trading Ltd. ("Tüpraş Trading") <sup>(2)</sup>                    | The UK                   | Petroleum Products Trading                   |
| Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")                         | Turkey                   | Petroleum Shipping                           |



## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

| Joint Ventures   | Joint Venture Partner     | Country of incorporation | Nature of business                    |
|--|---------------------------|--------------------------|---------------------------------------|
| Ayas Enerji Üretim ve Ticaret A.Ş. ("Ayas Enerji")                                 | Oyak Birleşik Enerji A.Ş. | Turkey                   | Power Generation                      |
| 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") <sup>(2)</sup> | Öztürk Family             | Singapore                | Petroleum Products Trading            |
| THY Opet Havacılık Yakıtları A.Ş. ("THY Opet")                                     | Türk Hava Yolları         | Turkey                   | Petroleum Products Trading            |

(1) In accordance with the decision of the Extraordinary General Assembly dated 11 August 2020, the business title of ADG Enerji Yatırımları A.Ş. has been changed to Aygaz Aykargo Dağıtım Hizmetleri A.Ş. and nature of business has been redefined as Cargo Transport/Distribution.

(2) Established in 2020 as part of transformation of Tüpraş Trading branch into a limited company.

(3) In the process of liquidation.

#### 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 Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")       | Turkey                   | Insurance              |
| Tasfiye Halinde Otoyol Sanayi A.Ş. ("Otoyol") <sup>(1)</sup>     | Turkey                   | -                      |

| Joint Ventures  | Joint Venture Partner         | Country of incorporation | Nature of business  |
|---|-------------------------------|--------------------------|---------------------|
| Al Jasoer Heavy Vehicle Industry LLC ("Al Jasoer")      | Tawazun                       | UAE                      | Sales and Marketing |
| Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")                    | Fiat Auto S.p.A.              | Turkey                   | Trading             |
| Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")               | Ford Deutschland Holding GmbH | Turkey                   | Production          |
| Koç Fiat Kredi Finansman A.Ş. ("Fiat Finans")           | Fiat Auto S.p.A.              | Turkey                   | Consumer Finance    |
| Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")            | Fiat Auto S.p.A.              | Turkey                   | Production          |
| Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör") | CNH Österreich GmbH           | Turkey                   | Production          |

(1) The liquidation process was completed on 20 January 2021.

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### 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 Pazarlama A.Ş. ("Arçelik Pazarlama")                      | Turkey                   | Service/Sales/Marketing |
| Arch R&D Co. Ltd. ("Arch R&D")                                    | China                    | R&D                     |
| Ardutch B.V. ("Ardutch")  | The Netherlands          | Holding                 |
| Ardutch B.V. Taiwan ("Ardutch Taiwan")                            | Taiwan                   | Procurement             |
| Beko A and NZ Pty Ltd. ("Beko Australia")                         | Australia, 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 Balkans D.O.O ("Beko Balkans")                               | Serbia                   | Sales                   |
| Beko Cesko ("Beko Cesko") <sup>(1)</sup>                          | Czechia                  | -                       |
| 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 Deutschland GmbH ("Beko Deutschland") <sup>(2)</sup> | Germany                  | Sales                   |
| Beko Grundig Schweiz GmbH ("Beko Grundig Schweiz") <sup>(3)</sup> | Switzerland              | Sales                   |
| Beko Gulf FZE ("Beko Gulf")                                       | UAE                      | Sales                   |
| Beko Home Appliances Portugal ("Beko Portugal") <sup>(3)</sup>    | Portugal                 | Sales                   |
| Beko Hong Kong Ltd. ("Beko Hong Kong")                            | Hong Kong, China         | Procurement             |
| Beko Israel Household Appliances Ltd. ("Beko Israel")             | Israel                   | Sales                   |
| 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, 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        |
| 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 (Swaziland) (Proprietary) Limited ("Defy Swaziland")         | Swaziland                | Sales                   |
| DEL Electronics (Pvt.) Ltd. ("DEL")                               | Pakistan                 | Sales                   |
| Elektra Bregenz AG ("Elektra Bregenz")                            | Austria                  | Sales                   |

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

| Subsidiaries  | Country of incorporation | Nature of business |
|---|--------------------------|--------------------|
| Grundig Intermedia Ges.m.b.H ("Grundig Austria") <sup>(1)</sup> | Austria                  | -                  |
| Grundig Multimedia A.G. ("Grundig Switzerland")                 | Switzerland              | Sales              |
| Grundig Multimedia B.V. ("Grundig Multimedia")                  | The Netherlands          | Holding            |
| Grundig Nordic AB. ("Grundig Sweden")                           | Sweden                   | Sales              |
| Grundig Nordic No AS ("Grundig Norway")                         | Norway                   | Sales              |
| Grundig Portuguesa Lda ("Grundig Portugal") <sup>(1)</sup>      | Portugal                 | -                  |
| International Appliances Limited ("International Appliances")   | Bangladesh               | Production/Sales   |
| Pan Asia Private Equity Ltd. ("Pan Asia")                       | British Virgin Islands   | Holding            |
| PT Home Appliances Indonesia ("PT Home") <sup>(3)</sup>         | 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 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) Non-operational companies as of the balance sheet date.

(2) Beko Deutschland GmbH ("Beko Deutschland") and Grundig Intermedia GmbH ("Grundig Intermedia") merged under the name of "Beko Grundig Deutschland GmbH".

(3) Established in 2020.

### Finance Sector

| Subsidiaries  | Country of incorporation | Nature of business   |
|---|--------------------------|----------------------|
| Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS") <sup>(1)</sup>            | Turkey                   | Holding              |
| Koç Finansman A.Ş. ("Koç Finansman")  | Turkey                   | Consumer Finance     |
| Stiching Custody Services YKB ("Stiching Custody") <sup>(1)</sup>                         | The Netherlands          | Custody              |
| Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaycan") <sup>(1)</sup>                   | Azerbaijan               | Banking              |
| Yapı Kredi Bank Nederland N.V. ("Yapı Kredi Nederland") <sup>(1)</sup>                    | The Netherlands          | Banking              |
| Yapı Kredi Bank Malta Ltd. ("Yapı Kredi Malta") <sup>(1,2)</sup>                          | Malta                    | Banking              |
| Yapı Kredi Diversified Payment Rights Finance Company ("Yapı Kredi SPC") <sup>(1,3)</sup> | Cayman Islands           | Company              |
| Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring") <sup>(1)</sup>                         | Turkey                   | Factoring            |
| Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama") <sup>(1)</sup>         | Turkey                   | Leasing              |
| Yapı Kredi Holding B.V. ("Yapı Kredi Holding") <sup>(1)</sup>                             | The Netherlands          | Financial Consulting |
| Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy") <sup>(1)</sup>                    | Turkey                   | Portfolio Management |
| Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul") <sup>(1)</sup>              | Turkey                   | Brokerage            |
| Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası") <sup>(1)</sup>                          | Turkey                   | Banking              |

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

| Joint Ventures   | Joint Venture Partner | Country of incorporation | Nature of business |
|--|-----------------------|--------------------------|--------------------|
| Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. ("Yapı Kredi Koray") | Koray Group Companies | Turkey                   | Real Estate        |

| 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) Became a subsidiary following the change of control in 2020 (Note 3).

(2) In the process of liquidation.

(3) Although Yapı Kredi Bankası has no shareholding interest, the special purpose company established for securitisation transactions is included in the scope of consolidation.

#### 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                  |
| Düzyay Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzyay")                                  | Turkey                   | Trading                  |
| Entegart Teknoloji Çözüm ve Hizmetleri A.Ş. ("Entegart") <sup>(1)</sup>                  | Turkey                   | Technology               |
| Koç Bilgi ve Savunma Teknolojileri A.Ş. ("Koç Bilgi ve Savunma")                         | Turkey                   | Technology               |
| KoçDigital Çözümler A.Ş. ("KoçDigital")  | Turkey                   | Technology               |
| 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 Altınyunus 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 Finansal Teknolojiler A.Ş. ("Token") <sup>(2)</sup>                                | Turkey                   | Information Technologies |
| Token Ödeme Hizmetleri ve Elektronik Para A.Ş. ("Token Ödeme Hizmetleri") <sup>(3)</sup> | Turkey                   | 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            |

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).

(1) Included in the scope of consolidation in 2020.

(2) Token, which was followed under "Consumer Durables" in 2019 has been classified to "Other" segment in 2020.

(3) Established in 2020.

# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7)

#### 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 5<sup>th</sup> 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.

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 on 31 December 2020 of TL9,0079 = EUR1 and TL7,3405 = 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 2020 of TL8,0278 = EUR1 and TL7,0090 = USD1, respectively, and do not form part of these consolidated financial statements.



## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 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 2020 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2019, except for the new and amended TFRS standards which are valid as of 1 January 2020 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

##### **Standards, amendments and interpretations effective as of 1 January 2020:**

- TAS 1 and TAS 8 - "Definition of Materiality (Amendments)"
- TFRS 3 - "Business Combinations (Amendments)",
- TFRS 16 - "Leases - COVID 19 Related Rent Concessions (Amendments)"

These amendments did not have any impact on the financial position or performance of the Group.

- TFRS 9, TAS 39, TFRS 7 - "Interest Rate Benchmark Reform (Amendments)"

The impacts of these amendments on the financial position and performance of the Group is being assessed.

##### **New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not yet effective:**

- TAS 1 - "Presentation of Financial Statements on Classification of Liabilities (Amendments)"
- TFRS 17 and TFRS 4 - "Insurance Contracts" and "Deferral of TFRS 9"
- TFRS 17 - "Insurance Contracts (Amendments)"
- TFRS 3 - "Business Combinations (Amendments)"
- TAS 16 - "Property, Plant and Equipment (Amendments)"
- TAS 37 - "Provisions, Contingent Liabilities and Contingent Assets (Amendments)"
- Annual Improvements on TFRSs - TFRS 1, TFRS 9, TAS 41 and TFRS 16
- TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 - "Interest Rate Benchmark Reform Phase 2"

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

##### **New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not issued by POA:**

- Annual Improvements on TFRSs - TFRS 3, TAS 16, TAS 37, TFRS 1, TFRS 9, TAS 41 and TFRS 16
- TFRS 17 and TFRS 4 - "Insurance Contracts" and "Deferral of TFRS 9"

#### 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 doesn't 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.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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/or by certain Koç Family members and 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.

#### 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 Holding Family members |       | Total ownership interest |        |
|-------------------------------------|----------------------------------|-------|--|--------|---|-------|--------------------------|--------|
|                                     | 2020                             | 2019  | 2020   | 2019   | 2020  | 2019  | 2020                     | 2019   |
| 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                      | 61,06                            | 61,06 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Arch R&D <sup>(1)</sup>             | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Arctic <sup>(1)</sup>               | 39,23                            | 39,18 | 96,72  | 96,72  | -   | -     | 96,72                    | 96,72  |
| Arçelik <sup>(1)</sup>              | 40,56                            | 40,51 | 40,56  | 40,51  | 11,42   | 11,42 | 51,98                    | 51,93  |
| Arçelik Pazarlama <sup>(1)</sup>    | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Ardutch <sup>(1)</sup>              | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Ardutch Taiwan <sup>(1)</sup>       | 40,56                            | 40,51 | 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 Aykargo                       | 40,68                            | 40,68 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| 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                      | 48,73                            | 48,73 | 95,57  | 95,57  | 4,43  | 4,43  | 100,00                   | 100,00 |
| Bakırköy Tankercilik                | 34,95                            | 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 <sup>(1)</sup>            | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Australia <sup>(1)</sup>       | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Balkans <sup>(1)</sup>         | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Cesko <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko China <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Czech <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Deutschland <sup>(1)</sup>     | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Egypt <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Espana <sup>(1)</sup>          | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko France <sup>(1)</sup>          | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Grundig Schweiz <sup>(2)</sup> | 40,56                            | -     | 100,00   | -      | -   | -     | 100,00                   | -      |
| Beko Gulf <sup>(1)</sup>            | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### 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 Holding Family members |       | Total ownership interest |        |
|---|----------------------------------|-------|--|--------|---|-------|--------------------------|--------|
|   | 2020                             | 2019  | 2020   | 2019   | 2020  | 2019  | 2020                     | 2019   |
| Beko Hong Kong <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Indonesia <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Israel <sup>(1)</sup>              | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Italy <sup>(1)</sup>               | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Malaysia <sup>(1)</sup>            | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Morocco <sup>(1)</sup>             | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko UK <sup>(1)</sup>                  | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Philippines <sup>(1)</sup>         | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Polska <sup>(1)</sup>              | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Portugal <sup>(2)</sup>            | 40,56                            | -     | 100,00   | -      | -   | -     | 100,00                   | -      |
| Beko Russia <sup>(1)</sup>              | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Shanghai <sup>(1)</sup>            | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Slovakia <sup>(1)</sup>            | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Thailand <sup>(1)</sup>            | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko Ukraine <sup>(1)</sup>             | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beko US <sup>(1)</sup>                  | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Beykoz Tankercilik                      | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Bilkom                                  | 82,28                            | 82,28 | 99,94  | 99,94  | 0,06  | 0,06  | 100,00                   | 100,00 |
| Çengelköy Tankercilik                   | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| DEL <sup>(1)</sup>                      | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| DPL <sup>(1)</sup>                      | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Defy <sup>(1)</sup>                     | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Defy Botswana <sup>(1)</sup>            | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Defy Namibia <sup>(1)</sup>             | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Defy Swaziland <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Ditaş                                   | 34,95                            | 34,95 | 80,00  | 80,00  | -   | -     | 80,00                    | 80,00  |
| Divan                                   | 30,15                            | 30,15 | 43,73  | 43,73  | 56,27   | 56,27 | 100,00                   | 100,00 |
| Düzey <sup>(3)</sup>                    | 31,73                            | 31,71 | 32,36  | 32,34  | 61,33   | 61,33 | 93,68                    | 93,66  |
| Elektra Bregenz <sup>(1)</sup>          | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Eltek                                   | 69,80                            | 69,80 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Enerji Yatırımları                      | 85,68                            | 85,68 | 98,50  | 98,50  | -   | -     | 98,50                    | 98,50  |
| Entegart <sup>(4)</sup>                 | 70,34                            | 70,34 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Entek                                   | 69,80                            | 69,80 | 99,23  | 99,23  | -   | -     | 99,23                    | 99,23  |
| Göztepe Tankercilik                     | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Grundig Austria <sup>(1)</sup>          | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Grundig Intermedia <sup>(5)</sup>       | -                                | 40,51 | -  | 100,00 | -   | -     | -                        | 100,00 |
| Grundig Multimedia <sup>(1)</sup>       | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Grundig Norway <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Grundig Portugal <sup>(1)</sup>         | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Grundig Sweden <sup>(1)</sup>           | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Grundig Switzerland <sup>(1)</sup>      | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| International Appliances <sup>(1)</sup> | 23,11                            | 23,09 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |

# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### 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 Holding Family members |       | Total ownership interest |        |
|---------------------------------------|----------------------------------|-------|--|--------|---|-------|--------------------------|--------|
|                                       | 2020                             | 2019  | 2020   | 2019   | 2020  | 2019  | 2020                     | 2019   |
| Kadıköy Tankercilik                   | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Kandilli Tankercilik                  | 40,68                            | 40,68 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Karaköy Tankercilik                   | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Karşıyaka Tankercilik                 | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Kartal Tankercilik                    | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Koç Bilgi ve Savunma                  | 60,00                            | 60,00 | 92,24  | 92,24  | 7,76  | 7,76  | 100,00                   | 100,00 |
| KoçDigital                            | 41,14                            | 41,14 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Koç Finansal Hizmetler <sup>(6)</sup> | 86,62                            | 43,31 | 89,70  | 44,85  | 5,96  | 2,98  | 95,66                    | 47,83  |
| Koç Finansman <sup>(1)</sup>          | 64,75                            | 64,73 | 94,50  | 94,50  | 5,50  | 5,50  | 100,00                   | 100,00 |
| Koç Sistem                            | 41,14                            | 41,14 | 41,18  | 41,18  | 53,17   | 53,17 | 94,35                    | 94,35  |
| Koç Sistem Azerbaycan                 | 41,14                            | 41,14 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Koç Yapı Malzeme                      | 45,18                            | 45,18 | 45,18  | 45,18  | 47,62   | 47,62 | 92,81                    | 92,81  |
| Körfez                                | 43,70                            | 43,70 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Kuleli Tankercilik                    | 40,68                            | 40,68 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Kuzguncuk Tankercilik                 | 40,68                            | 40,68 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Maltepe Tankercilik                   | 34,95                            | 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           | 69,80                            | 69,80 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Olympic                               | 57,30                            | 57,30 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Otokar <sup>(7)</sup>                 | 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 Filiala                 | 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 Azerbaycan                     | 96,42                            | 96,42 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Otokoç Holland                        | 57,30                            | 57,30 | 59,43  | 59,43  | -   | -     | 59,43                    | 59,43  |
| Otokoç Hungary                        | 96,42                            | 96,42 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Otokoç Sigorta                        | 48,22                            | 48,22 | 50,02  | 50,02  | 49,98   | 49,98 | 100,00                   | 100,00 |
| Otoyol                                | 53,95                            | 53,95 | 53,95  | 53,95  | 10,18   | 10,18 | 64,13                    | 64,13  |
| Pan Asia <sup>(1)</sup>               | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Pendik Tankercilik                    | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| PT Home <sup>(2)</sup>                | 27,17                            | -     | 67,00  | -      | -   | -     | 67,00                    | -      |
| Ram Dış Ticaret <sup>(1)</sup>        | 57,72                            | 57,71 | 83,45  | 83,45  | 14,66   | 14,66 | 98,11                    | 98,11  |
| Retail Holdings <sup>(1)</sup>        | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| RMK Marine                            | 56,59                            | 56,59 | 66,84  | 66,84  | 33,16   | 33,16 | 100,00                   | 100,00 |
| Salacak Tankercilik                   | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Sarıyer Tankercilik                   | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Setur                                 | 46,68                            | 46,38 | 81,13  | 81,13  | 18,87   | 18,87 | 100,00                   | 100,00 |
| Singer Bangladesh <sup>(1)</sup>      | 23,11                            | 23,09 | 56,99  | 56,99  | -   | -     | 56,99                    | 56,99  |
| Stiching Custody <sup>(6)</sup>       | 44,49                            | 35,47 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| T Damla Denizcilik                    | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |

Presentation

General Assembly

Koç Group

Sectors and Companies

Social Investments

Corporate Governance

Financial Statements

Other Information

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### 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 Holding Family members |       | Total ownership interest |        |
|--|----------------------------------|-------|--|--------|---|-------|--------------------------|--------|
|  | 2020                             | 2019  | 2020   | 2019   | 2020  | 2019  | 2020                     | 2019   |
| Tat Gıda                               | 43,82                            | 43,82 | 44,07  | 44,07  | 7,12  | 7,12  | 51,19                    | 51,19  |
| Tek-Art Marina                         | 61,06                            | 61,06 | 88,16  | 88,16  | 11,84   | 11,84 | 100,00                   | 100,00 |
| Token <sup>(8)</sup>                   | 54,44                            | 40,51 | 54,44  | 100,00 | 45,56   | -     | 100,00                   | 100,00 |
| Token Ödeme Hizmetleri <sup>(2)</sup>  | 54,44                            | -     | 100,00   | -      | -   | -     | 100,00                   | -      |
| Tuzla Tankercilik                      | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Tüpraş                                 | 43,70                            | 43,70 | 51,00  | 51,00  | -   | -     | 51,00                    | 51,00  |
| Tüpraş Trading <sup>(9)</sup>          | 43,70                            | -     | 100,00   | -      | -   | -     | 100,00                   | -      |
| United Refrigeration <sup>(1)</sup>    | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Üsküdar Tankercilik                    | 34,95                            | 34,95 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Vietbeko <sup>(1)</sup>                | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Wat Motor <sup>(1)</sup>               | 40,56                            | 40,51 | 100,00   | 100,00 | -   | -     | 100,00                   | 100,00 |
| Yalova Marina                          | 47,50                            | 47,50 | 100,00   | 100,00 | 0,00  | 0,00  | 100,00                   | 100,00 |
| Yapı Kredi Azerbaycan <sup>(6)</sup>   | 44,49                            | 35,47 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| Yapı Kredi Bankası <sup>(6) (7)</sup>  | 44,49                            | 35,47 | 49,97  | 40,95  | -   | -     | 49,97                    | 40,95  |
| Yapı Kredi Faktoring <sup>(6)</sup>    | 44,48                            | 35,46 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| Yapı Kredi Fin.Kiralama <sup>(6)</sup> | 44,49                            | 35,47 | 99,99  | 50,00  | -   | -     | 99,99                    | 50,00  |
| Yapı Kredi Holding <sup>(6)</sup>      | 44,49                            | 35,47 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| Yapı Kredi Malta <sup>(6)</sup>        | 44,49                            | 35,47 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| Yapı Kredi Menkul <sup>(6)</sup>       | 44,48                            | 35,46 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| Yapı Kredi Nederland <sup>(6)</sup>    | 44,49                            | 35,47 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| Yapı Kredi Portföy <sup>(6)</sup>      | 44,47                            | 35,45 | 100,00   | 50,00  | -   | -     | 100,00                   | 50,00  |
| 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 the acquisition of 0,05% of Arçelik shares from Vehbi Koç Vakfı.

(2) Established in 2020.

(3) Koç Holding's effective ownership interest rate has changed following the acquisition of 0,02% of Düzey shares from non-controlling interests.

(4) Included in the scope of consolidation in 2020.

(5) Beko Deutschland GmbH ("Beko Deutschland") and Grundig Intermedia GmbH ("Grundig Intermedia") companies merged under the name of "Beko Grundig Deutschland GmbH".

(6) Koç Holding's effective ownership interest rate has changed following the acquisition of additional 9,02% Yapı Kredi Bankası shares and the change of control realised in 2020 (Note 3).

(7) 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.

(8) Koç Holding's effective ownership interest rate has changed following the acquisition of 54,44% of Token shares by Koç Holding and 45,56% of Token shares by Temel Ticaret Yatırım A.Ş. on 30 April 2020, which were previously held by Arçelik.

(9) Established in 2020, as part of transformation of Tüpraş Trading branch into a limited company.



## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

#### 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 Holding Family members |       | Total ownership interest |       |
|---------------------------------|----------------------------------|-------|--|-------|---|-------|--------------------------|-------|
|                                 | 2020                             | 2019  | 2020   | 2019  | 2020  | 2019  | 2020                     | 2019  |
| Al Jasoor                       | 22,00                            | 22,00 | 49,00  | 49,00 | -   | -     | 49,00                    | 49,00 |
| Arçelik LG Klima <sup>(1)</sup> | 23,25                            | 23,23 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Ayas Enerji                     | 34,90                            | 34,90 | 50,00  | 50,00 | -   | -     | 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 <sup>(2)</sup>      | 38,65                            | 38,46 | 38,65  | 38,46 | 0,67  | 0,67  | 39,32                    | 39,13 |
| Güney Tankercilik               | 9,00                             | 9,00  | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Ingage <sup>(3)</sup>           | 19,70                            | 19,91 | 19,70  | 19,91 | 30,07   | 30,07 | 49,77                    | 49,98 |
| Kaş Marina                      | 30,53                            | 30,53 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Koçtaş Yapı Market              | 42,90                            | 42,90 | 49,92  | 49,92 | 0,08  | 0,08  | 50,00                    | 50,00 |
| Kuzey Tankercilik               | 9,00                             | 9,00  | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Netsel                          | 33,58                            | 33,58 | 55,00  | 55,00 | -   | -     | 55,00                    | 55,00 |
| Opet                            | 18,00                            | 18,00 | 41,33  | 41,33 | 8,67  | 8,67  | 50,00                    | 50,00 |
| Opet Aygaz Gayrimenkul          | 29,34                            | 29,34 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Opet Fuchs                      | 9,00                             | 9,00  | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Opet International              | 18,00                            | 18,00 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Opet Market ve Akaryakıt        | 18,00                            | 18,00 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Opet Trade BV                   | 18,00                            | 18,00 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Opet Trade Singapore            | 18,00                            | 18,00 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| THY Opet                        | 9,00                             | 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 |
| VoltBek <sup>(1)</sup>          | 20,87                            | 20,85 | 50,00  | 50,00 | -   | -     | 50,00                    | 50,00 |
| Yapı Kredi Koray <sup>(4)</sup> | 13,55                            | 10,80 | 30,45  | 30,45 | -   | -     | 30,45                    | 30,45 |

(1) Koç Holding's effective ownership interest rate has changed following the acquisition of 0,05% of Arçelik shares from Vehbi Koç Vakfı.

(2) Koç Holding's effective ownership interest rate has changed following the acquisition of 0,19% of Ford Otosan shares from Vehbi Koç Vakfı.

(3) Koç Holding's effective ownership interest rate has changed following the transfer of half of the shares belonging to non-controlling interests, which were purchased by Koç Holding in 2019 and constituting 0,42% of Ingage capital, to Russell Square Holding in 2020.

(4) Koç Holding's effective ownership interest rate has changed following the acquisition of additional 9,02% Yapı Kredi Bankası shares and the change of control realised in 2020 (Note 3).

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

#### Voting rights of the Associates and their effective interests (%):

|                                   | Proportion of effective interest |       | Direct and indirect ownership interest held by Koç Holding |       | Ownership interest held by Koç Holding Family members |      | Total ownership interest |       |
|-----------------------------------|----------------------------------|-------|--|-------|---|------|--------------------------|-------|
|                                   | 2020                             | 2019  | 2020   | 2019  | 2020  | 2019 | 2020                     | 2019  |
| <b>Associates</b>                 |                                  |       |  |       |   |      |                          |       |
| Allianz Emeklilik <sup>(1)</sup>  | 8,90                             | 7,09  | 20,00  | 20,00 | -   | -    | 20,00                    | 20,00 |
| Banque de Commerce <sup>(1)</sup> | 13,64                            | 10,88 | 30,67  | 30,67 | -   | -    | 30,67                    | 30,67 |

(1) Koç Holding's effective ownership interest rate has changed following the acquisition of additional 9,02% Yapı Kredi Bankası shares and the change of control realised in 2020 (Note 3).

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 "TFRS 11, Joint Arrangements". Therefore, in the case that segment reporting is prepared based on the equity method set in "TFRS 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 "TFRS 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".

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### 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 as 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 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 the 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.

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### 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 through 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 that 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 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 with 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, results 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.

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### 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 the consolidated 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 classified as available for sale financial assets 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.



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### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### *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.

#### **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.

## KOÇ HOLDİNG A.Ş.

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#### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 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.

##### 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.

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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#### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 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           |

##### 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).

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

After the commencement date, Group measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) 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.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 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".

#### 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.



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### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

##### 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 20<sup>th</sup> 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 20<sup>th</sup> 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.

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### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 in accordance with the rates determined by the New Law.

#### 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.

### 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.

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### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Following indicators are considered while evaluating the transfer of control of the goods and services:

- Presence of Group's collection right of the consideration for the goods or services,
- Customer's ownership of the legal title on goods or services,
- Physical transfer of the goods or services,
- Customer's ownership of significant risks and rewards related to the goods or services,
- 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).

#### 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).

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### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 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.

#### 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.

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### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4.33 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.

#### 2.4.34 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 2020 (Note 15 and 16).

#### *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 19).

#### *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 20.

#### *Impairment on receivables from finance sector operations*

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 terms of impairment in line with the accounting policies set out in Note 2.4.10.



## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

#### Quantitative 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 criteria 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.

#### Qualitative 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), Gross Domestic Product Deflator and Housing Price Index. 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.

In cases where macroeconomic scenarios do not cover the long term, a process called convergence to the mean is applied for beyond the estimated period of macroeconomic variables.

### 2.6 Significant Developments Regarding the Current Period

Due to COVID-19 pandemic, which has been affecting the whole world, there have been disruptions in the supply and sales processes, temporary shutdowns in the production processes and decline in the capacity utilisations of the Group, in parallel with the developments/slowdown in the sectors in which the Group operates and in general economic activity. Necessary actions were taken by the Group management to minimise the possible impacts of COVID-19 on the Group's operations and financial position. With the reduction of restrictions to prevent the spread of the pandemic, production and sales activities continue uninterrupted as of the balance sheet date.

Predictions are not precise about how long COVID-19 effects will continue and how far it will spread, in the world and Turkey. As the severity and duration of the effects become clearer, it will be possible to make a more clear and healthy assessment for the medium and long term. However, while preparing the consolidated financial statements as of 31 December 2020, possible effects of COVID-19 pandemic were evaluated and estimates and assumptions used in the preparation of the financial statements were reviewed. In this context, impairment tests were performed by the Group and necessary adjustments have been made.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Yapı Kredi Bankası, a Subsidiary of the Group, has revised its macroeconomic expectations due to the possible effects of the COVID-19 pandemic and calculations taking into account the probabilities of default and default loss were reflected in the financial statements. In this context, Yapı Kredi Bankası has measured the effect of the change in macroeconomic data used in the calculation of expected credit loss such as gross domestic product, unemployment rate and foreign trade deficit, on the non-performing loans ("NPL") under different scenarios and reflected the increase coefficient, which was considered to be the most accurate, to its provision calculations by projecting it on the loan parameters within the range of NPL ratio obtained throughout the calculations. Yapı Kredi Bankası has reflected possible effects of COVID-19 to cash flow estimations which are used in expected loan loss provision calculations for the loans that are subject to individual assessment. This approach will be revised in the coming reporting periods by reconsidering the impacts of the pandemic, loan portfolio and changes in future expectations.

Tüpraş, a Subsidiary of the Group, has suspended the production at the İzmir Refinery as of 5 May 2020 in order to minimise the negative effects of the decrease in demand due to the COVID-19 pandemic. With the signs of recovery in demand, Tüpraş gradually started production as of 1 July 2020. Although the course of the pandemic is not yet clear, Tüpraş continues to implement the liquidity and operational actions rigorously.

### 2.7 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

On 30 November 2019, in relation to the shares of Koç Finansal Hizmetler A.Ş. (KFS) and Yapı ve Kredi Bankası A.Ş. (YKB) jointly controlled by Koç Holding and UniCredit S.P.A. (UniCredit),

- YKB Share Sale and Purchase Agreement was signed between Koç Holding, UniCredit and KFS, in relation to the purchase of YKB shares representing 31,93% of YKB's share capital by UniCredit in exchange for a consideration of TL5.722.755 thousand and the purchase of YKB shares representing 9,02% of YKB's share capital by Koç Holding in exchange for a consideration of TL1.617.383 thousand,
- KFS Share Sale and Purchase Agreement was signed between Koç Holding, UniCredit and other shareholders of KFS in relation to the purchase of KFS shares representing 50% of KFS' share capital from UniCredit by Koç Holding and other shareholders of KFS pro-rata their respective shareholdings for a total consideration of TL6.420.000 thousand,
- Termination Protocol was signed to terminate the shareholders agreements relating to KFS executed among Koç Holding, UniCredit and other parties in 2002, which also includes a termination fee payment by Unicredit at an amount of TL570.000 thousand to Koç Holding and other shareholders of KFS pro-rata their respective shareholdings in KFS (Note 29).

Parties have acknowledged that conditions defined in the agreements have been fulfilled and share transfers have been realised on 5 February 2020 (closing date). Upon completion, Koç Holding's direct shares in KFS increased from 42,26% to 84,53% and Koç Holding, which did not hold any direct shares in YKB before the transaction, currently holds 9,02% of YKB share capital. Following the transaction, Koç Holding's direct and indirect shares in YKB increased to 49,97%.

KFS, YKB and subsidiaries of YKB, which have been joint ventures and have been accounted for using the equity method in the consolidated financial statements until the closing date, became subsidiaries after the transaction and accounted for using the full consolidation method in the consolidated financial statements.

The consideration for YKB shares (9,02%) have been determined based on the negotiations in line with the strategic goals of UniCredit.

Additional share purchase transaction is considered as a "change of control" within the framework of TFRS 3 "Business Combinations". Therefore, the income resulting from the bargain purchase of additional 9,02% YKB shares and the impairment resulting from the fair value measurement of the existing shares before the share purchase are associated with the income statement. Net income amounting to TL2.995.339 thousand resulting from the change of control has been accounted for under "gains from investment activities" account (Note 29).

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 3 - BUSINESS COMBINATIONS (Continued)

The details of the net assets controlled and profit/loss calculation arising from the change of control are as follows:

|  |                    |
|--|--------------------|
| Consideration for additional YKB share purchase (9,02%)  | 1.617.383          |
| Fair value of YKB shares held by the Group (effective rate) before the acquisition (35,47%)                | 11.811.321         |
| Fair value of non-controlling interests (55,51%) <sup>(1)</sup>  | 23.685.371         |
|  | 37.114.075         |
| Fair value of net assets controlled (100%)   | 42.670.708         |
| <b>Gain on bargain purchase</b>  | <b>5.556.633</b>   |
| Carrying value of YKB shares held by the Group (effective rate) before the acquisition (35,47%)            | 13.982.855         |
| <i>Carrying value - Before non-controlling interests (Note 8)</i>  | <i>14.482.000</i>  |
| <i>Carrying value - Non-controlling interests</i>  | <i>(499.145)</i>   |
| Fair value of YKB shares held by the Group (effective rate) before the acquisition (35,47%) <sup>(2)</sup> | 11.811.321         |
|  | (2.171.534)        |
| Other accumulated comprehensive expense reclassified to profit/loss  | (389.760)          |
| <b>Impairment on existing shares before acquisition</b>  | <b>(2.561.294)</b> |
| <b>Net income resulting from the change of control (Note 29)</b>   | <b>2.995.339</b>   |

(1) The fair value of non-controlling interests has been measured by the proportionate share of the fair value of the identifiable net assets controlled.

(2) The fair value of 35,47% shares previously held by the Group at the closing date has been determined using the "BIST Market Value Approach", "Income Approach" and "Market Approach" by an independent valuation company by assigning 50%, 25% and 25% weight to the aforementioned three valuation methods, respectively.

## KOÇ HOLDING A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 3 - BUSINESS COMBINATIONS (Continued)

The fair values of identifiable assets and liabilities controlled (100%) at the closing date in accordance with TFRS 3 are as follows:

|  |                   |
|--|-------------------|
| Cash and cash equivalents                                  | 29.529.595        |
| Balances with the Central Bank of the Republic of Turkey   | 40.828.496        |
| - Reserve deposits   | 16.022.623        |
| - Free balances  | 24.805.873        |
| Financial assets   | 56.693.993        |
| Receivables from finance sector operations <sup>(1)</sup>  | 249.166.831       |
| Investments accounted for using the equity method (Note 8) | 1.249.107         |
| Property, plant and equipment (Note 14)                    | 4.363.139         |
| Intangible assets (Note 16)                                | 4.389.666         |
| - Core deposit   | 1.451.971         |
| - Brand  | 2.013.259         |
| - Other intangible assets                                  | 924.436           |
| Deferred tax assets (net) (Note 19)                        | 1.825.190         |
| Borrowings (Note 17)                                       | (104.433.891)     |
| Payables of finance sector operations                      | (228.798.230)     |
| Provisions for employee benefits                           | (1.947.498)       |
| Derivative instruments (net)                               | (3.550.238)       |
| Provisions   | (1.691.678)       |
| Other assets and liabilities (net)                         | (4.953.774)       |
| <b>Net assets controlled</b>                               | <b>42.670.708</b> |

The details of the cash outflow arising from the change of control are as follows:

|  |                   |
|--|-------------------|
| Consideration for the additional share purchase                            | (1.617.383)       |
| Cash and cash equivalents - controlled                                     | 29.529.595        |
| Free balances with the Central Bank of the Republic of Turkey - controlled | 24.805.873        |
| Cash and cash equivalents controlled following the change of control (net) | 52.718.085        |
| Consolidation eliminations <sup>(2)</sup>                                  | (15.396.013)      |
| <b>Consolidated cash inflow arising from the change of control (net)</b>   | <b>37.322.072</b> |

(1) Contractual cash flows of receivables from finance sector operations amount to TL287.940.013 thousand and expected credit losses related to those receivables amount to TL18.557.211 thousand (Note 10).

(2) Represent cash and cash equivalent balances of the Group's Subsidiaries held at Yapı Kredi Bankası, which are eliminated during the preparation of consolidated financial statements as of 31 December 2020.

Had the additional share purchase transaction of YKB shares been realised as of 1 January 2020, additional contribution to consolidated revenue from finance sector operations and net profit attributable to equity holders of the parent would have amounted to TL3.688.999 thousand and TL49.496 thousand, respectively.

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### 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 2020 and 2019 are presented separately.

| 1 January - 31 December 2020   | Energy             | Automotive        | Consumer durables | Finance           | Other             | Total              |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| External revenue   | 101.117.683        | 88.709.024        | 45.740.814        | 44.841.289        | 9.247.159         | 289.655.969        |
| Intra segment revenue  | 14.278.203         | 9.182.720         | 1.154.497         | 61.346            | 1.614.874         | 26.291.640         |
| Inter segment revenue  | 444.103            | 446.654           | 275.412           | 280.589           | 7.503.697         | 8.950.455          |
| <b>Combined revenue</b>  | <b>115.839.989</b> | <b>98.338.398</b> | <b>47.170.723</b> | <b>45.183.224</b> | <b>18.365.730</b> | <b>324.898.064</b> |
| <b>Combined gross profit</b>   | <b>5.265.049</b>   | <b>14.483.728</b> | <b>14.248.413</b> | <b>22.651.523</b> | <b>3.154.294</b>  | <b>59.803.007</b>  |
| Operating expenses   | (4.139.469)        | (4.591.957)       | (10.236.678)      | (7.604.021)       | (2.709.788)       | (29.281.913)       |
| Other operating income/(expenses) (net) <sup>(1)</sup>   | (141.556)          | 108.098           | 339.392           | (8.778.098)       | 101.584           | (8.370.580)        |
| Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) <sup>(2)</sup> | (654.163)          | 178.633           | 696.037           | -                 | (34.189)          | 186.318            |
| <b>Combined operating profit</b>   | <b>329.861</b>     | <b>10.178.502</b> | <b>5.047.164</b>  | <b>6.269.404</b>  | <b>511.901</b>    | <b>22.336.832</b>  |
| Gains/(losses) from investment activities (net) <sup>(3)</sup>   | 1.749              | 23.456            | (47.687)          | 23.039            | 3.602.215         | 3.602.772          |
| Financial income/(expenses) (net)  | (3.780.666)        | (1.648.839)       | (1.613.372)       | -                 | (160.410)         | (7.203.287)        |
| <b>Combined profit/(loss) before tax</b>   | <b>(3.449.056)</b> | <b>8.553.119</b>  | <b>3.386.105</b>  | <b>6.292.443</b>  | <b>3.953.706</b>  | <b>18.736.317</b>  |
| Tax income/(expense) (net)   | 1.257.039          | (264.833)         | (651.064)         | (1.635.581)       | (193.594)         | (1.488.033)        |
| <b>Combined net profit/(loss) for the period</b>   | <b>(2.192.017)</b> | <b>8.288.286</b>  | <b>2.735.041</b>  | <b>4.656.862</b>  | <b>3.760.112</b>  | <b>17.248.284</b>  |
| <b>Net profit/(loss) for the period <sup>(4)</sup></b>   | <b>(955.633)</b>   | <b>3.607.036</b>  | <b>1.124.277</b>  | <b>2.062.676</b>  | <b>3.434.214</b>  | <b>9.272.570</b>   |

(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) Income amounting to TL2.995.339 thousand resulting from the change of control of Yapı Kredi Bankası due to the acquisition of additional 9,02% shares and termination fee income amounting to TL511.275 thousand which was paid by UniCredit S.P.A to Koç Holding and other shareholders of KFS (impact on net income attributable to equity holders of the parent: TL385.097 thousand), have been accounted for under the "gains/(losses) from investment activities" account of Other sector (Note 29).

(4) Represents consolidated net profit attributable to the equity holders of the parent.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 4 - SEGMENT REPORTING (Continued)

| 1 January - 31 December 2019   | Energy             | Automotive        | Consumer durables | Finance           | Other             | Total              |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| External revenue   | 130.990.865        | 70.039.293        | 35.537.869        | 47.463.644        | 8.996.294         | 293.027.965        |
| Intra segment revenue  | 22.014.100         | 3.971.373         | 635.454           | 84.491            | 1.440.837         | 28.146.255         |
| Inter segment revenue  | 421.399            | 436.935           | 137.440           | 295.408           | 6.577.064         | 7.868.246          |
| <b>Combined revenue</b>  | <b>153.426.364</b> | <b>74.447.601</b> | <b>36.310.763</b> | <b>47.843.543</b> | <b>17.014.195</b> | <b>329.042.466</b> |
| <b>Combined gross profit</b>   | <b>8.689.510</b>   | <b>9.871.943</b>  | <b>10.598.427</b> | <b>18.910.414</b> | <b>3.007.020</b>  | <b>51.077.314</b>  |
| Operating expenses   | (3.827.349)        | (3.860.833)       | (8.227.901)       | (6.098.968)       | (2.677.465)       | (24.692.516)       |
| Other operating income/(expenses) (net) <sup>(1)</sup>   | 60.405             | 109.800           | 10.099            | (8.235.590)       | 68.766            | (7.986.520)        |
| Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) <sup>(2)</sup> | (1.080.078)        | (203.351)         | 378.560           | -                 | (7.493)           | (912.362)          |
| <b>Combined operating profit</b>   | <b>3.842.488</b>   | <b>5.917.559</b>  | <b>2.759.185</b>  | <b>4.575.856</b>  | <b>390.828</b>    | <b>17.485.916</b>  |
| Gains/(losses) from investment activities (net)  | 35.161             | 7.070             | (1.740)           | 137.077           | 101.479           | 279.047            |
| Financial income/(expenses) (net)  | (3.435.889)        | (1.656.124)       | (1.595.166)       | -                 | 440.502           | (6.246.677)        |
| <b>Combined profit before tax</b>  | <b>441.760</b>     | <b>4.268.505</b>  | <b>1.162.279</b>  | <b>4.712.933</b>  | <b>932.809</b>    | <b>11.518.286</b>  |
| Tax income/(expense) (net)   | 703.600            | (41.382)          | (184.847)         | (974.767)         | (209.161)         | (706.557)          |
| <b>Combined net profit for the period</b>  | <b>1.145.360</b>   | <b>4.227.123</b>  | <b>977.432</b>    | <b>3.738.166</b>  | <b>723.648</b>    | <b>10.811.729</b>  |
| <b>Net profit for the period <sup>(3)</sup></b>  | <b>345.939</b>     | <b>1.724.006</b>  | <b>429.682</b>    | <b>1.351.619</b>  | <b>539.913</b>    | <b>4.391.159</b>   |

(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) Represents consolidated net profit attributable to the equity holders of the parent.

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#### NOTE 4 - SEGMENT REPORTING (Continued)

| <b>a) Revenue</b>  | <b>2020</b>        | <b>2019</b>        |
|--|--------------------|--------------------|
| Energy   | 115.839.989        | 153.426.364        |
| Automotive   | 98.338.398         | 74.447.601         |
| Consumer durables  | 47.170.723         | 36.310.763         |
| Finance  | 45.183.224         | 47.843.543         |
| Other  | 18.365.730         | 17.014.195         |
| <b>Combined</b>  | <b>324.898.064</b> | <b>329.042.466</b> |
| Less: Joint Ventures (Note 8.d)                                    | (130.156.469)      | (166.125.519)      |
| Less: Consolidation eliminations and adjustments                   | (10.964.319)       | (9.400.940)        |
| <b>Consolidated</b>  | <b>183.777.276</b> | <b>153.516.007</b> |
| <b>b) Operating profit</b>   |                    |                    |
| Energy   | 329.861            | 3.842.488          |
| Automotive   | 10.178.502         | 5.917.559          |
| Consumer durables  | 5.047.164          | 2.759.185          |
| Finance  | 6.269.404          | 4.575.856          |
| Other  | 511.901            | 390.828            |
| <b>Combined</b>  | <b>22.336.832</b>  | <b>17.485.916</b>  |
| Less: Joint Ventures (Note 8.d)                                    | (9.308.949)        | (10.015.189)       |
| Less: Consolidation eliminations and adjustments                   | 837.361            | -                  |
| Add: Net profit shares of Joint Ventures and associates (Note 8.c) | 2.966.673          | 2.902.947          |
| <b>Consolidated</b>  | <b>16.831.917</b>  | <b>10.373.674</b>  |
| <b>c) Depreciation and amortisation (*)</b>                        |                    |                    |
| Energy   | 1.310.139          | 1.199.691          |
| Automotive   | 2.584.900          | 2.282.413          |
| Consumer durables  | 1.244.498          | 1.075.382          |
| Finance  | 940.200            | 642.151            |
| Other  | 359.777            | 323.425            |
| <b>Combined</b>  | <b>6.439.514</b>   | <b>5.523.062</b>   |
| Less: Joint Ventures (Note 8.d)                                    | (2.275.748)        | (2.663.096)        |
| Less: Consolidation eliminations and adjustments                   | (100.207)          | (94.711)           |
| <b>Consolidated</b>  | <b>4.063.559</b>   | <b>2.765.255</b>   |

(\*) Includes the depreciation expenses of right-of-use assets. As of 31 December 2020, combined depreciation expense of the right-of-use assets amounted to TL1.030.478 thousand (31 December 2019: TL959.692 thousand) and consolidated depreciation expense amounted to TL728.569 thousand (31 December 2019: TL382.164 thousand).

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#### NOTE 4 - SEGMENT REPORTING (Continued)

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>d) Profit before tax</b>  |                   |                   |
| Energy   | (3.449.056)       | 441.760           |
| Automotive   | 8.553.119         | 4.268.505         |
| Consumer durables  | 3.386.105         | 1.162.279         |
| Finance  | 6.292.443         | 4.712.933         |
| Other  | 3.953.706         | 932.809           |
| <b>Combined</b>  | <b>18.736.317</b> | <b>11.518.286</b> |
| Less: Joint Ventures (Note 8.d)  | (7.863.188)       | (8.874.010)       |
| Add: Net profit shares of Joint Ventures and associates (Note 8.c)     | 2.966.673         | 2.902.947         |
| <b>Consolidated</b>  | <b>13.839.802</b> | <b>5.547.223</b>  |
| <b>e) Net profit for the period</b>                                    |                   |                   |
| Energy   | (2.192.017)       | 1.145.360         |
| Automotive   | 8.288.286         | 4.227.123         |
| Consumer durables  | 2.735.041         | 977.432           |
| Finance  | 4.656.862         | 3.738.166         |
| Other  | 3.760.112         | 723.648           |
| <b>Combined</b>  | <b>17.248.284</b> | <b>10.811.729</b> |
| Less: Joint Ventures (Note 8.d)  | (7.581.660)       | (7.793.392)       |
| Add: Net profit shares of Joint Ventures and associates (Note 8.c)     | 2.966.673         | 2.902.947         |
| Less: Non-controlling interests  | (3.360.727)       | (1.530.125)       |
| <b>Consolidated (attributable to the equity holders of the parent)</b> | <b>9.272.570</b>  | <b>4.391.159</b>  |
| <b>f) Capital expenditures (*)</b>                                     |                   |                   |
| Energy   | 1.964.485         | 1.963.842         |
| Automotive   | 5.982.429         | 4.655.574         |
| Consumer durables  | 1.769.433         | 1.409.807         |
| Finance  | 600.252           | 574.967           |
| Other  | 354.609           | 257.809           |
| <b>Combined</b>  | <b>10.671.208</b> | <b>8.861.999</b>  |
| Less: Joint Ventures   | (2.644.344)       | (3.096.738)       |
| <b>Consolidated</b>  | <b>8.026.864</b>  | <b>5.765.261</b>  |

(\*) Capital expenditures do not include the additions related to the right-of-use assets.

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#### NOTE 4 - SEGMENT REPORTING (Continued)

|  | 31 December 2020   | 31 December 2019   |
|--|--------------------|--------------------|
| <b>g) Total assets</b>   |                    |                    |
| Energy   | 73.353.329         | 69.103.170         |
| Automotive   | 67.565.730         | 45.752.619         |
| Consumer durables  | 48.705.248         | 36.237.260         |
| Finance  | 494.544.203        | 411.919.288        |
| Other  | 32.607.126         | 36.301.296         |
| <b>Combined</b>  | <b>716.775.636</b> | <b>599.313.633</b> |
| Less: Joint Ventures (Note 8.d)                                  | (62.560.872)       | (455.038.242)      |
| Add: Carrying values of Joint Ventures and associates (Note 8.a) | 8.367.140          | 19.955.652         |
| Less: Eliminations   | (32.481.360)       | (12.887.455)       |
| <b>Consolidated</b>  | <b>630.100.544</b> | <b>151.343.588</b> |

#### NOTE 5 - CASH AND CASH EQUIVALENTS

|                            | 31 December 2020  |                   |                   | 31 December 2019 |                   |                   |
|----------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                            | Finance           | Non-Finance       | Total             | Finance          | Non-Finance       | Total             |
| Cash in hand               | 6.056.965         | 5.955             | 6.062.920         | -                | 10.304            | 10.304            |
| Cheques received           | 31                | 83.672            | 83.703            | -                | 39.632            | 39.632            |
| Banks                      |                   |                   |                   |                  |                   |                   |
| - Demand deposits          | 10.848.518        | 2.170.692         | 13.019.210        | 17.127           | 684.994           | 702.121           |
| - Time deposits            | 8.364.924         | 30.893.850        | 39.258.774        | 301.059          | 36.515.389        | 36.816.448        |
| - Reverse repo receivables | 1.696.865         | -                 | 1.696.865         | -                | -                 | -                 |
| Other                      | -                 | 239.329           | 239.329           | -                | 247.855           | 247.855           |
|                            | <b>26.967.303</b> | <b>33.393.498</b> | <b>60.360.801</b> | <b>318.186</b>   | <b>37.498.174</b> | <b>37.816.360</b> |

As of 31 December 2020, total blocked deposits amounted to TL2.214.489 thousand (31 December 2019: TL1.861.248 thousand). As of 31 December 2020 and 2019, the related amount consists of the revenue shares collected by Tüpraş, a Subsidiary of the Group, as indicated in the Petroleum Market License Regulation.

Group companies operating in Non-Finance sectors have cash and cash equivalent balances amounting to TL15.324.156 thousand held at Yapı Kredi Bankası and eliminated during the preparation of consolidated financial statements.

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#### NOT 6 - BALANCES WITH THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

|  | 31 December 2020  | 31 December 2019 |
|--|-------------------|------------------|
| Balances with the Central Bank of the Republic of Turkey | 48.972.272        | -                |
| - Reserve deposits <sup>(*)</sup>                        | 22.519.808        | -                |
| - Free balances  | 26.452.464        | -                |
|  | <b>48.972.272</b> | <b>-</b>         |

(\*) 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 2020, the ratios for TL reserves are between 1% and 6% and the ratios for foreign currency reserves are between 5% and 21% for deposits and other liabilities depending on their maturity structures.

#### NOTE 7 - FINANCIAL ASSETS

|  | 31 December 2020 |                   |                   | 31 December 2019 |                  |                  |
|--|------------------|-------------------|-------------------|------------------|------------------|------------------|
|  | Short-term       | Long-term         | Total             | Short-term       | Long-term        | Total            |
| Financial assets measured at fair value through profit or loss             | 676.762          | 130.378           | 807.140           | -                | 1.505.017        | 1.505.017        |
| Financial assets measured at fair value through other comprehensive income | 4.000.489        | 21.478.197        | 25.478.686        | -                | 74.925           | 74.925           |
| Financial assets measured at amortised cost                                | 1.449.392        | 51.563.137        | 53.012.529        | -                | -                | -                |
|  | <b>6.126.643</b> | <b>73.171.712</b> | <b>79.298.355</b> | <b>-</b>         | <b>1.579.942</b> | <b>1.579.942</b> |

##### a) Financial assets measured at fair value through profit or loss

|                                     | 31 December 2020 |                |                | 31 December 2019 |                  |                  |
|-------------------------------------|------------------|----------------|----------------|------------------|------------------|------------------|
|                                     | Finance          | Non-Finance    | Total          | Finance          | Non-Finance      | Total            |
| <b>Debt securities:</b>             |                  |                |                |                  |                  |                  |
| Government bonds                    | 276.735          | -              | 276.735        | -                | -                | -                |
| Private sector bonds <sup>(*)</sup> | -                | -              | -              | -                | 1.425.357        | 1.425.357        |
|                                     | <b>276.735</b>   | <b>-</b>       | <b>276.735</b> | <b>-</b>         | <b>1.425.357</b> | <b>1.425.357</b> |
| <b>Equity securities:</b>           |                  |                |                |                  |                  |                  |
| Listed                              | 171.581          | -              | 171.581        | -                | -                | -                |
| Unlisted                            | 228.446          | 130.378        | 358.824        | -                | 79.660           | 79.660           |
|                                     | <b>400.027</b>   | <b>130.378</b> | <b>530.405</b> | <b>-</b>         | <b>79.660</b>    | <b>79.660</b>    |
|                                     | <b>676.762</b>   | <b>130.378</b> | <b>807.140</b> | <b>-</b>         | <b>1.505.017</b> | <b>1.505.017</b> |

(\*) Includes Koç Holding's investment amounting to USD200 million of Additional Tier 1 Capital (AT1) issued by Yapı Kredi Bankası on 15 January 2019 with a total amount of USD650 million, with no specified maturity, with an annual interest rate of 13,875% for the first five years and having coupon payments in every 6 months. The related amount has been subject to elimination in the consolidated financial statements after Yapı Kredi Bankası became a subsidiary in 2020.



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#### NOTE 7 - FINANCIAL ASSETS (Continued)

##### b) Financial assets measured at fair value through other comprehensive income

|                           | 31 December 2020  |                |                   | 31 December 2019 |               |               |
|---------------------------|-------------------|----------------|-------------------|------------------|---------------|---------------|
|                           | Finance           | Non-Finance    | Total             | Finance          | Non-Finance   | Total         |
| <b>Debt securities:</b>   |                   |                |                   |                  |               |               |
| Eurobonds                 | 3.737.019         | -              | 3.737.019         | -                | -             | -             |
| Government bonds          | 19.883.898        | -              | 19.883.898        | -                | -             | -             |
| Private sector bonds      | 1.391.365         | -              | 1.391.365         | -                | -             | -             |
| Other                     | 77                | -              | 77                | -                | -             | -             |
|                           | 25.012.359        |                | 25.012.359        | -                | -             | -             |
| <b>Equity securities:</b> |                   |                |                   |                  |               |               |
| Listed                    | -                 | 374.700        | 374.700           | -                | 74.925        | 74.925        |
| Unlisted                  | 91.627            | -              | 91.627            | -                | -             | -             |
|                           | 91.627            | 374.700        | 466.327           | -                | 74.925        | 74.925        |
|                           | <b>25.103.986</b> | <b>374.700</b> | <b>25.478.686</b> | <b>-</b>         | <b>74.925</b> | <b>74.925</b> |

The movement of financial assets measured at fair value through other comprehensive income is as follows:

|  | 2020              | 2019          |
|--|-------------------|---------------|
| <b>Beginning of the period - 1 January</b> | <b>74.925</b>     | <b>20.862</b> |
| Additions through business combinations    | 26.422.076        | -             |
| Additions                                  | 15.375.500        | -             |
| Disposals/redemptions                      | (18.659.124)      | -             |
| Currency translation differences           | 1.449.108         | -             |
| Change in interest accruals                | 516.426           | -             |
| Fair value gains/impairment losses (net)   | 299.775           | 54.063        |
| <b>End of the period - 31 December</b>     | <b>25.478.686</b> | <b>74.925</b> |

##### c) Financial assets measured at amortised cost

|                         | 31 December 2020  |             |                   | 31 December 2019 |             |          |
|-------------------------|-------------------|-------------|-------------------|------------------|-------------|----------|
|                         | Finance           | Non-Finance | Total             | Finance          | Non-Finance | Total    |
| <b>Debt securities:</b> |                   |             |                   |                  |             |          |
| Government bonds        | 30.852.439        | -           | 30.852.439        | -                | -           | -        |
| Eurobonds               | 20.079.499        | -           | 20.079.499        | -                | -           | -        |
| Other                   | 2.080.591         | -           | 2.080.591         | -                | -           | -        |
|                         | <b>53.012.529</b> | <b>-</b>    | <b>53.012.529</b> | <b>-</b>         | <b>-</b>    | <b>-</b> |

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 7 - FINANCIAL ASSETS (Continued)

The movement of financial assets measured at amortised cost is as follows:

|  | 2020              |
|--|-------------------|
| <b>Beginning of the period - 1 January</b> | -                 |
| Additions through business combinations    | 29.985.074        |
| Additions                                  | 20.555.734        |
| Disposals/redemptions                      | (2.550.719)       |
| Currency translation differences           | 2.584.719         |
| Change in interest accruals                | 2.437.721         |
| <b>End of the period - 31 December</b>     | <b>53.012.529</b> |

#### 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 2020 |                  | 31 December 2019 |                   |
|------------------------|------------------|------------------|------------------|-------------------|
|                        | %                | Amount           | %                | Amount            |
| Koç Finansal Hizmetler | -                | -                | 44,85            | 14.541.041        |
| Ford Otosan            | 38,65            | 2.756.689        | 38,46            | 1.785.798         |
| Tofaş                  | 37,59            | 1.666.373        | 37,59            | 1.614.058         |
| Banque de Commerce     | 30,67            | 1.203.097        | -                | -                 |
| Opet                   | 41,33            | 725.036          | 41,33            | 871.089           |
| Türk Traktör           | 37,50            | 540.438          | 37,50            | 286.506           |
| Allianz Emeklilik      | 20,00            | 359.544          | -                | -                 |
| Other                  |                  | 1.115.963        |                  | 857.160           |
|                        |                  | <b>8.367.140</b> |                  | <b>19.955.652</b> |
| Joint Ventures         |                  | 6.804.499        |                  | 19.955.652        |
| Associates             |                  | 1.562.641        |                  | -                 |
|                        |                  | <b>8.367.140</b> |                  | <b>19.955.652</b> |

b) The market values (Level 1) of the listed Joint Ventures are as follows:

|                    | 31 December 2020 | 31 December 2019 |
|--------------------|------------------|------------------|
| Yapı Kredi Bankası | -                | 20.948.687       |
| Ford Otosan        | 44.214.660       | 24.861.974       |
| Tofaş              | 16.960.000       | 13.430.000       |
| Türk Traktör       | 9.750.516        | 2.956.643        |

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

c) The movement of Joint Ventures and associates is as follows:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>Beginning of the period - 1 January</b>                 | <b>19.955.652</b> | <b>18.256.952</b> |
| Shares of profit/(loss)                                    | 2.966.673         | 2.902.947         |
| Shares of other comprehensive income/(loss)                | (309.848)         | (458.326)         |
| Disposal through business combinations (Note 3)            | (14.482.000)      | -                 |
| Addition through business combinations (Note 3)            | 1.249.107         | -                 |
| Dividend received  | (1.117.006)       | (990.779)         |
| Dividend paid  | 7.890             | 81.999            |
| Transactions with non-controlling interests <sup>(1)</sup> | 59.829            | -                 |
| Contribution to capital increases                          | 35.947            | 169.358           |
| Profit eliminations  | 896               | (6.499)           |
| <b>End of the period - 31 December</b>                     | <b>8.367.140</b>  | <b>19.955.652</b> |

(<sup>(1)</sup> Related to the purchase of shares from non-controlling interests constituting 0,19% of Ford Otosan capital (Note 2.4).)

|  |                  |                  |
|--|------------------|------------------|
| <b>Shares of profit/(loss) of Joint Ventures and associates:</b> | <b>2020</b>      | <b>2019</b>      |
| Koç Finansal Hizmetler <sup>(1)</sup>                            | 200.579          | 1.341.034        |
| Ford Otosan  | 1.616.556        | 753.417          |
| Tofaş  | 670.536          | 556.782          |
| Opet   | (63.323)         | 128.859          |
| Türk Traktör   | 291.166          | 41.960           |
| Other  | 251.159          | 80.895           |
|  | <b>2.966.673</b> | <b>2.902.947</b> |
| Joint Ventures   | 2.883.882        | 2.902.947        |
| Associates   | 82.791           | -                |
|  | <b>2.966.673</b> | <b>2.902.947</b> |

(1) Koç Finansal Hizmetler has been accounted for using the equity method in the consolidated financial statements until the change of control/closing date (Note 3), and therefore related amounts include Company's profit/(loss) and other comprehensive income balances for the relevant period.

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**NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)**

**Shares of other comprehensive income/(loss) of Joint Ventures and associates:**

|                                       | 2020             | 2019             |
|---------------------------------------|------------------|------------------|
| Koç Finansal Hizmetler <sup>(1)</sup> | (259.619)        | (520.297)        |
| Ford Otosan                           | (284.890)        | 33.489           |
| Tofaş                                 | (167.169)        | 7.864            |
| Banque de Commerce                    | 312.970          | -                |
| Opet                                  | 33.823           | 9.072            |
| Türk Traktör                          | 266              | 99               |
| Other                                 | 54.771           | 11.447           |
|                                       | <b>(309.848)</b> | <b>(458.326)</b> |
| Joint Ventures                        | (623.286)        | (458.326)        |
| Associates                            | 313.438          | -                |
|                                       | <b>(309.848)</b> | <b>(458.326)</b> |

(1) Koç Finansal Hizmetler has been accounted for using the equity method in the consolidated financial statements until the change of control/closing date (Note 3), and therefore related amounts include Company's profit/(loss) and other comprehensive income balances for the relevant period.

**Dividend income/(capital increases) from Joint Ventures and associates:**

|                    | 2020             | 2019           |
|--------------------|------------------|----------------|
| Ford Otosan        | 421.054          | 493.929        |
| Tofaş              | 451.051          | 330.771        |
| Banque de Commerce | 19.433           | -              |
| Opet               | 123.990          | 99.192         |
| Allianz Emeklilik  | 40.850           | -              |
| Türk Traktör       | 37.500           | -              |
| Other              | (12.819)         | (102.471)      |
|                    | <b>1.081.059</b> | <b>821.421</b> |

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#### 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 2020                           | Ford<br>Otosan    | Tofaş             | Opet             | Türk<br>Traktör  | Other            | Total             |
|--|-------------------|-------------------|------------------|------------------|------------------|-------------------|
| Cash and cash equivalents                  | 8.124.073         | 4.249.809         | 335.720          | 1.890.431        | 1.802.918        | 16.402.951        |
| Other current assets                       | 9.480.449         | 7.191.189         | 4.726.782        | 1.756.649        | 2.986.767        | 26.141.836        |
| Receivables from finance sector operations | -                 | 2.859.868         | -                | -                | -                | 2.859.868         |
| Other non-current assets                   | 6.699.889         | 5.139.445         | 2.227.600        | 923.256          | 2.166.027        | 17.156.217        |
| <b>Total assets</b>                        | <b>24.304.411</b> | <b>19.440.311</b> | <b>7.290.102</b> | <b>4.570.336</b> | <b>6.955.712</b> | <b>62.560.872</b> |
| Short-term borrowings                      | 3.932.881         | 2.827.079         | 1.019.217        | 252.478          | 1.225.177        | 9.256.832         |
| Other current liabilities                  | 8.547.900         | 8.053.655         | 1.717.098        | 1.750.872        | 2.685.732        | 22.755.257        |
| Long-term borrowings                       | 4.147.993         | 3.862.706         | 3.054.357        | 1.041.813        | 366.731          | 12.473.600        |
| Other non-current liabilities              | 674.459           | 263.570           | 81.447           | 84.006           | 169.709          | 1.273.191         |
| <b>Total liabilities</b>                   | <b>17.303.233</b> | <b>15.007.010</b> | <b>5.872.119</b> | <b>3.129.169</b> | <b>4.447.349</b> | <b>45.758.880</b> |
| <b>Net assets:</b>                         | <b>7.001.178</b>  | <b>4.433.301</b>  | <b>1.417.983</b> | <b>1.441.167</b> | <b>2.508.363</b> | <b>16.801.992</b> |
| <b>Allocation of net assets:</b>           |                   |                   |                  |                  |                  |                   |
| Non-controlling interests                  | -                 | -                 | -                | -                | -                | -                 |
| <b>Equity holders of the parent</b>        | <b>7.001.178</b>  | <b>4.433.301</b>  | <b>1.417.983</b> | <b>1.441.167</b> | <b>2.508.363</b> | <b>16.801.992</b> |
| <b>Reconciliation of carrying value:</b>   |                   |                   |                  |                  |                  |                   |
| <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               | 2.706.047         | 1.666.373         | 586.052          | 540.438          | 1.103.742        | 6.602.652         |
| Goodwill carried at Group level            | -                 | -                 | 138.984          | -                | -                | 138.984           |
| Impact of additional share purchase        | 50.642            | -                 | -                | -                | 12.221           | 62.863            |
| <b>Carrying value</b>                      | <b>2.756.689</b>  | <b>1.666.373</b>  | <b>725.036</b>   | <b>540.438</b>   | <b>1.115.963</b> | <b>6.804.499</b>  |



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#### NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

| 31 December 2019                           | KFS                | Ford<br>Otosan    | Tofaş             | Opet             | Türk<br>Traktör  | Other            | Total              |
|--|--------------------|-------------------|-------------------|------------------|------------------|------------------|--------------------|
| Cash and cash equivalents                  | 81.339.651         | 3.202.952         | 2.825.487         | 593.998          | 746.807          | 2.021.771        | 90.730.666         |
| Other current assets                       | 19.097.225         | 6.953.846         | 3.056.304         | 4.830.920        | 1.189.025        | 2.522.592        | 37.649.912         |
| Receivables from finance sector operations | 244.535.002        | -                 | 2.016.429         | -                | -                | -                | 246.551.431        |
| Goodwill                                   | 1.297.102          | -                 | -                 | -                | -                | 12.687           | 1.309.789          |
| Other non-current assets                   | 62.990.309         | 6.227.215         | 4.875.978         | 2.117.471        | 979.940          | 1.605.531        | 78.796.444         |
| <b>Total assets</b>                        | <b>409.259.289</b> | <b>16.384.013</b> | <b>12.774.198</b> | <b>7.542.389</b> | <b>2.915.772</b> | <b>6.162.581</b> | <b>455.038.242</b> |
| Short-term borrowings                      | 53.260.379         | 3.648.110         | 1.846.507         | 1.425.051        | 389.418          | 1.430.960        | 62.000.425         |
| Other current liabilities                  | 23.449.022         | 4.997.261         | 4.279.970         | 2.073.564        | 697.940          | 2.241.495        | 37.739.252         |
| Payables to finance sector operations      | 234.788.610        | -                 | -                 | -                | -                | -                | 234.788.610        |
| Long-term borrowings                       | 52.336.086         | 2.559.936         | 2.104.213         | 2.195.797        | 1.007.092        | 375.795          | 60.578.919         |
| Other non-current liabilities              | 5.779.340          | 535.220           | 249.388           | 76.612           | 57.307           | 135.049          | 6.832.916          |
| <b>Total liabilities</b>                   | <b>369.613.437</b> | <b>11.740.527</b> | <b>8.480.078</b>  | <b>5.771.024</b> | <b>2.151.757</b> | <b>4.183.299</b> | <b>401.940.122</b> |
| <b>Net assets:</b>                         | <b>39.645.852</b>  | <b>4.643.486</b>  | <b>4.294.120</b>  | <b>1.771.365</b> | <b>764.015</b>   | <b>1.979.282</b> | <b>53.098.120</b>  |
| <b>Allocation of net assets:</b>           |                    |                   |                   |                  |                  |                  |                    |
| Non-controlling interests                  | 7.111.820          | -                 | -                 | -                | -                | -                | 7.111.820          |
| <b>Equity holders of the parent</b>        | <b>32.534.032</b>  | <b>4.643.486</b>  | <b>4.294.120</b>  | <b>1.771.365</b> | <b>764.015</b>   | <b>1.979.282</b> | <b>45.986.300</b>  |
| <b>Reconciliation of carrying value:</b>   |                    |                   |                   |                  |                  |                  |                    |
| <i>Ownership of the Group</i>              | <i>44,85%</i>      | <i>38,46%</i>     | <i>37,59%</i>     | <i>41,33%</i>    | <i>37,50%</i>    |                  |                    |
| Net asset share of the Group               | 14.591.091         | 1.785.798         | 1.614.058         | 732.105          | 286.506          | 844.939          | 19.854.497         |
| Goodwill carried at Group level            | -                  | -                 | -                 | 138.984          | -                | -                | 138.984            |
| Impact of additional share purchase        | (50.050)           | -                 | -                 | -                | -                | 12.221           | (37.829)           |
| <b>Carrying value</b>                      | <b>14.541.041</b>  | <b>1.785.798</b>  | <b>1.614.058</b>  | <b>871.089</b>   | <b>286.506</b>   | <b>857.160</b>   | <b>19.955.652</b>  |

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#### NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

##### Condensed income statement information of Joint Ventures:

| 1 January - 31 December 2020         | KFS <sup>(1)</sup> | Ford<br>Otosan   | Tofaş            | Opet <sup>(2)</sup> | Türk<br>Traktör | Other          | Total            |
|--------------------------------------|--------------------|------------------|------------------|---------------------|-----------------|----------------|------------------|
| Revenue                              | 3.688.956          | 49.451.407       | 23.982.332       | 38.623.155          | 6.243.308       | 8.167.311      | 130.156.469      |
| Depreciation and amortisation        | 58.618             | 916.575          | 758.755          | 228.090             | 129.088         | 184.622        | 2.275.748        |
| Operating profit                     | 681.616            | 4.805.661        | 2.066.163        | 311.988             | 934.895         | 508.626        | 9.308.949        |
| Net financial income/(expenses)      | -                  | (698.521)        | (245.945)        | (410.150)           | (62.730)        | (57.560)       | (1.474.906)      |
| Profit before tax                    | 687.495            | 4.107.156        | 1.830.776        | (101.448)           | 873.711         | 465.498        | 7.863.188        |
| Net profit for the period            | 548.683            | 4.193.739        | 1.783.928        | (153.214)           | 776.443         | 432.081        | 7.581.660        |
| Non-controlling interests            | 99.294             | -                | -                | -                   | -               | -              | 99.294           |
| <b>Equity holders of the parents</b> | <b>449.389</b>     | <b>4.193.739</b> | <b>1.783.928</b> | <b>(153.214)</b>    | <b>776.443</b>  | <b>432.081</b> | <b>7.482.366</b> |
| <i>Ownership of the Group</i>        | <i>44,85%</i>      | <i>38,65%</i>    | <i>37,59%</i>    | <i>41,33%</i>       | <i>37,50%</i>   |                |                  |
| <b>Net profit share of the Group</b> | <b>200.579</b>     | <b>1.616.556</b> | <b>670.536</b>   | <b>(63.323)</b>     | <b>291.166</b>  | <b>168.368</b> | <b>2.883.882</b> |

| 1 January - 31 December 2019         | KFS              | Ford<br>Otosan   | Tofaş            | Opet           | Türk<br>Traktör | Other          | Total            |
|--------------------------------------|------------------|------------------|------------------|----------------|-----------------|----------------|------------------|
| Revenue                              | 47.259.255       | 39.209.019       | 19.362.676       | 46.380.766     | 3.806.475       | 10.107.328     | 166.125.519      |
| Depreciation and amortisation        | 637.262          | 775.988          | 760.248          | 192.591        | 125.106         | 171.901        | 2.663.096        |
| Operating profit                     | 4.463.085        | 2.422.028        | 1.660.103        | 833.472        | 288.093         | 348.408        | 10.015.189       |
| Net financial income/(expenses)      | -                | (470.630)        | (216.206)        | (428.654)      | (181.150)       | (23.830)       | (1.320.470)      |
| Profit before tax                    | 4.600.157        | 1.949.750        | 1.456.555        | 408.766        | 109.258         | 349.524        | 8.874.010        |
| Net profit for the period            | 3.650.649        | 1.959.060        | 1.481.291        | 311.780        | 111.894         | 278.718        | 7.793.392        |
| Non-controlling interests            | 660.519          | -                | -                | -              | -               | -              | 660.519          |
| <b>Equity holders of the parents</b> | <b>2.990.130</b> | <b>1.959.060</b> | <b>1.481.291</b> | <b>311.780</b> | <b>111.894</b>  | <b>278.718</b> | <b>7.132.873</b> |
| <i>Ownership of the Group</i>        | <i>44,85%</i>    | <i>38,46%</i>    | <i>37,59%</i>    | <i>41,33%</i>  | <i>37,50%</i>   |                |                  |
| <b>Net profit share of the Group</b> | <b>1.341.034</b> | <b>753.417</b>   | <b>556.782</b>   | <b>128.859</b> | <b>41.960</b>   | <b>80.895</b>  | <b>2.902.947</b> |

(1) Koç Finansal Hizmetler has been accounted for using the equity method in the consolidated financial statements until the change of control/closing date (Note 3), and therefore related amounts include Company's profit/(loss) balances for the relevant period.

(2) The operational results of Opet, a Joint Venture of the Group, for the period January-December 2020 include TL325 million (impact in the consolidated financial statements: TL135 million) administrative penalty, which was notified to Opet by the Competition Board and was paid to Major Taxpayers Office on 22 October 2020, without prejudice to all legal rights of Opet regarding the relevant decision.

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#### NOTE 9 - TRADE RECEIVABLES AND PAYABLES

| Trade receivables                        | 31 December 2020  | 31 December 2019  |
|--|-------------------|-------------------|
| Trade receivables                        | 18.730.557        | 16.183.306        |
| Notes and cheques receivable             | 2.212.791         | 2.652.912         |
| Less: Provision for expected credit loss | (876.978)         | (670.932)         |
| Less: Unearned finance income            | (305.325)         | (99.186)          |
|  | 19.761.045        | 18.066.100        |
| Due from related parties (Note 31)       | 1.239.528         | 1.596.412         |
|  | <b>21.000.573</b> | <b>19.662.512</b> |
| Short-term trade receivables             | 20.478.731        | 19.272.813        |
| Long-term trade receivables              | 521.842           | 389.699           |
|  | <b>21.000.573</b> | <b>19.662.512</b> |

Tüpraş and Arçelik, the Subsidiaries of the Group, offset TL2.976.335 thousand (31 December 2019: TL2.059.000 thousand) and TL1.238.538 thousand (31 December 2019: TL1.258.312 thousand) respectively, from their trade receivables that were collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2020.

Tüpraş, a Subsidiary of the Group, offset the supplier financing transaction amounting to TL1.127.270 thousand from its trade receivables as of 31 December 2020 (31 December 2019: None).

Movement of the provision for expected credit losses is as follows:

|  | 2020           | 2019           |
|--|----------------|----------------|
| <b>Beginning of the period - 1 January</b> | <b>670.932</b> | <b>602.469</b> |
| Increases during the period                | 112.539        | 86.797         |
| Collections                                | (18.070)       | (19.233)       |
| Write-offs (*)                             | (26.555)       | (36.196)       |
| Currency translation differences           | 138.132        | 33.857         |
| Acquisitions                               | -              | 3.238          |
| <b>End of the period - 31 December</b>     | <b>876.978</b> | <b>670.932</b> |

(\*) Doubtful receivables, for which no possibility of collection is foreseen, are written off from the records along with their related provisions.

| Trade payables                   | 31 December 2020  | 31 December 2019  |
|----------------------------------|-------------------|-------------------|
| Trade payables                   | 26.594.467        | 25.682.449        |
| Less: Unearned finance expense   | (193.260)         | (73.919)          |
|                                  | 26.401.207        | 25.608.530        |
| Due to related parties (Note 31) | 2.638.387         | 1.118.902         |
|                                  | <b>29.039.594</b> | <b>26.727.432</b> |

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#### NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

|   | 31 December 2020   | 31 December 2019 |
|---|--------------------|------------------|
| Short-term receivables from finance sector operations | 157.462.310        | 1.371.816        |
| Long-term receivables from finance sector operations  | 137.770.791        | 935.471          |
|   | <b>295.233.101</b> | <b>2.307.287</b> |

The breakdown of receivables from finance sector operations is as follows:

| 31 December 2020                  | Corporate and commercial loans | Consumer loans     | Credit card receivables | Leasing receivables | Factoring receivables | Total               |
|-----------------------------------|--------------------------------|--------------------|-------------------------|---------------------|-----------------------|---------------------|
| Stage 1                           | 155.936.992                    | 50.365.217         | 31.670.721              | 9.641.699           | 4.660.312             | 252.274.941         |
| Stage 2                           | 41.458.785                     | 3.000.365          | 2.243.270               | 900.722             | 517.400               | 48.120.542          |
| Stage 3                           | 16.194.198                     | 1.700.746          | 1.167.237               | 429.437             | 126.396               | 19.618.014          |
| <b>Gross</b>                      | <b>213.589.975</b>             | <b>55.066.328</b>  | <b>35.081.228</b>       | <b>10.971.858</b>   | <b>5.304.108</b>      | <b>320.013.497</b>  |
| Stage 1 and 2                     | (8.877.299)                    | (1.471.479)        | (504.166)               | (237.430)           | (49.361)              | (11.139.735)        |
| Stage 3                           | (10.599.371)                   | (1.481.194)        | (1.124.999)             | (330.542)           | (104.555)             | (13.640.661)        |
| <b>Expected credit losses (-)</b> | <b>(19.476.670)</b>            | <b>(2.952.673)</b> | <b>(1.629.165)</b>      | <b>(567.972)</b>    | <b>(153.916)</b>      | <b>(24.780.396)</b> |
| <b>Net</b>                        | <b>194.113.305</b>             | <b>52.113.655</b>  | <b>33.452.063</b>       | <b>10.403.886</b>   | <b>5.150.192</b>      | <b>295.233.101</b>  |

Movement of the expected credit losses is as follows:

| 2020                                       | Corporate and commercial loans | Consumer loans   | Credit card receivables | Leasing receivables | Factoring receivables | Total             |
|--|--------------------------------|------------------|-------------------------|---------------------|-----------------------|-------------------|
| <b>Beginning of the period - 1 January</b> | <b>-</b>                       | <b>136.772</b>   | <b>-</b>                | <b>-</b>            | <b>-</b>              | <b>136.772</b>    |
| Business combinations                      | 14.974.996                     | 1.613.578        | 1.315.886               | 537.478             | 115.273               | 18.557.211        |
| Increases during the period                | 5.103.691                      | 1.699.859        | 588.633                 | 153.843             | 49.776                | 7.595.802         |
| Collections                                | (978.539)                      | (444.054)        | (247.448)               | (18.103)            | (11.109)              | (1.699.253)       |
| Write-offs                                 | (81.805)                       | (168.452)        | (114.082)               | (105.246)           | (24)                  | (469.609)         |
| Disposals due to sale of portfolio         | (529.322)                      | -                | -                       | -                   | -                     | (529.322)         |
| Currency translation differences           | 987.649                        | 114.970          | 86.176                  | -                   | -                     | 1.188.795         |
| <b>End of the period - 31 December</b>     | <b>19.476.670</b>              | <b>2.952.673</b> | <b>1.629.165</b>        | <b>567.972</b>      | <b>153.916</b>        | <b>24.780.396</b> |

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**NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)**

| 2020                                       | Stage 1          | Stage 2          | Stage 3           | Total             |
|--|------------------|------------------|-------------------|-------------------|
| <b>Beginning of the period - 1 January</b> | <b>56.269</b>    | <b>1.121</b>     | <b>79.382</b>     | <b>136.772</b>    |
| Business combinations                      | 1.221.437        | 5.123.422        | 12.212.352        | 18.557.211        |
| Increases during the period                | 1.454.880        | 3.096.038        | 3.044.884         | 7.595.802         |
| Collections                                | (110.018)        | (622.083)        | (967.152)         | (1.699.253)       |
| Write-offs                                 | -                | -                | (469.609)         | (469.609)         |
| Disposals due to sale of portfolio         | -                | -                | (529.322)         | (529.322)         |
| Transfers to Stage 1                       | 51.865           | (51.229)         | (636)             | -                 |
| Transfers to Stage 2                       | (55.391)         | 62.855           | (7.464)           | -                 |
| Transfers to Stage 3                       | (368)            | (260.024)        | 260.392           | -                 |
| Currency translation differences           | 177.491          | 993.470          | 17.834            | 1.188.795         |
| <b>End of the period - 31 December</b>     | <b>2.796.165</b> | <b>8.343.570</b> | <b>13.640.661</b> | <b>24.780.396</b> |

**NOTE 11 - DERIVATIVE INSTRUMENTS**

The breakdown of derivative instruments as of 31 December 2020 and 2019 is as follows:

|                              | 31 December 2020 |                   | 31 December 2019 |                |
|------------------------------|------------------|-------------------|------------------|----------------|
|                              | Asset            | Liability         | Asset            | Liability      |
| Derivatives held for trading | 5.157.922        | 8.003.188         | 173.440          | 34.682         |
| Derivatives held for hedging | 1.061.220        | 3.433.388         | 352.981          | 232.216        |
|                              | <b>6.219.142</b> | <b>11.436.576</b> | <b>526.421</b>   | <b>266.898</b> |



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#### NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

##### Finance:

|  | 31 December 2020               |                  |                  | 31 December 2019               |             |           |
|--|--------------------------------|------------------|------------------|--------------------------------|-------------|-----------|
|  | Contract amount <sup>(*)</sup> | Fair Values      |                  | Contract amount <sup>(*)</sup> | Fair Values |           |
|  |                                | Asset            | Liability        |                                | Asset       | Liability |
| <b>Derivatives held for trading:</b>     |                                |                  |                  |                                |             |           |
| Interest rate swaps                      | 142.948.898                    | 1.561.092        | 1.558.805        | -                              | -           | -         |
| Currency swaps                           | 120.257.352                    | 1.148.739        | 3.525.425        | -                              | -           | -         |
| Cross-currency fixed interest rate swaps | 18.047.429                     | 1.690.236        | 2.050.505        | -                              | -           | -         |
| Currency forwards                        | 16.119.910                     | 553.243          | 155.258          | -                              | -           | -         |
| Option agreements                        | 14.215.807                     | 96.988           | 47.523           | -                              | -           | -         |
| Other derivative instruments             | 39.918.012                     | 42.368           | 5.891            | -                              | -           | -         |
|  | <b>351.507.408</b>             | <b>5.092.666</b> | <b>7.343.407</b> | -                              | -           | -         |
| <b>Derivatives held for hedging:</b>     |                                |                  |                  |                                |             |           |
| Interest rate swaps                      | 90.213.314                     | 581.692          | 2.625.136        | -                              | -           | -         |
| Cross-currency fixed interest rate swaps | 6.010.024                      | -                | 620.018          | -                              | -           | -         |
|  | <b>96.223.338</b>              | <b>581.692</b>   | <b>3.245.154</b> | -                              | -           | -         |

(\*) Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

##### Derivatives held for trading:

Derivative transactions, even though providing effective economic hedges in terms of risk management for finance sector companies, do not qualify for hedge accounting under the specific rules and are therefore accounted for as derivatives held for trading in the consolidated financial statements.

##### Hedge accounting:

##### a. Fair value hedges:

Yapı Kredi Bankası, a Subsidiary of the Group, started to hedge the possible fair value effects of changes in market interest rates on some of its fixed interest TL mortgage and car loan portfolios as well as the fair value effects of changes in foreign exchange rates on some of its foreign currency denominated funds by using cross-currency interest rate swaps effective from 1 March 2009 and started to hedge the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using interest rates swaps and cross-currency interest rate swaps effective from 28 July 2015.

##### b. Cash flow hedges:

In order to hedge its cash flow risk arising from floating rate liabilities, Yapı Kredi Bankası started to apply cash flow hedge accounting effective from 1 January 2010. The hedging instruments are USD, EUR and TL interest rate swaps, currency swaps and cross currency swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL customer deposits, repos and borrowings. Net interest income after tax accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 regarding cash flow hedging transactions amounted to TL1.415.351 thousand.

Koç Finansman, a Subsidiary of the Group, has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its long-term bond issues with floating interest rate. Within the scope of aforementioned transactions, TL11.504 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 (2019: TL24.704 thousand net interest expense after tax).

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#### NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

##### c. Net investment hedges in a foreign operation:

Yapı Kredi Bankası, hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. Yapı Kredi Bankası's EUR denominated borrowing is designated as a hedge of the net investment in certain of its EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment as of 31 December 2020 amounted to EUR471 million. Foreign exchange loss after tax amounting to TL923.010 thousand has been accounted for under "gains/(losses) on hedges of net investments in foreign operations" in the statement of other comprehensive income of 2020.

##### Non-finance:

|  | 31 December 2020               |                |                | 31 December 2019               |                |                |
|--|--------------------------------|----------------|----------------|--------------------------------|----------------|----------------|
|  | Contract amount <sup>(*)</sup> | Fair values    |                | Contract amount <sup>(*)</sup> | Fair values    |                |
|  |                                | Asset          | Liability      |                                | Asset          | Liability      |
| <b>Derivatives held for trading:</b>     |                                |                |                |                                |                |                |
| Currency forwards                        | 33.550.381                     | 51.960         | 629.390        | 24.585.826                     | 164.828        | 10.007         |
| Currency swaps                           | 8.764.898                      | 12.279         | 4.774          | 8.482.663                      | 1.842          | 5.297          |
| Interest rate swaps                      | 1.500.000                      | 1.017          | 6.879          | -                              | -              | -              |
| Commodity futures                        | 784.752                        | -              | 18.738         | 906.547                        | 6.770          | 19.378         |
|  | <b>44.600.031</b>              | <b>65.256</b>  | <b>659.781</b> | <b>33.975.036</b>              | <b>173.440</b> | <b>34.682</b>  |
| <b>Derivatives held for hedging:</b>     |                                |                |                |                                |                |                |
| Interest rate swaps                      | 5.367.408                      | -              | 128.574        | 7.422.499                      | -              | 203.746        |
| Cross-currency fixed interest rate swaps | 3.083.347                      | 405.690        | 18.222         | -                              | -              | -              |
| Currency swaps                           | 55.325                         | 20.590         | -              | 3.906.838                      | 260.974        | 28.470         |
| Currency forwards                        | 691.263                        | 16.354         | -              | -                              | -              | -              |
| Receivables from operating leases        | 101.525                        | 15.955         | -              | 274.896                        | 78.305         | -              |
| Commodity futures                        | 817.920                        | 20.939         | 41.438         | 204.425                        | 13.702         | -              |
|  | <b>10.116.788</b>              | <b>479.528</b> | <b>188.234</b> | <b>11.808.658</b>              | <b>352.981</b> | <b>232.216</b> |

(\*) Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

##### Derivatives held for trading:

Certain derivative transactions, even though providing effective economic hedges for non-finance companies under the Group risk management position, do not qualify for hedge accounting under the specific rules, and are therefore accounted for as derivatives held for trading in the consolidated financial statements.

"Commodity derivatives" classified under derivative instruments held for trading, include derivative transactions of Tüpraş and Aygaz, the Subsidiaries of the Group, realised for the purpose of hedging against price risk of inventories.

##### Hedge accounting:

##### a. Fair value hedge:

Otokoç, a Subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off-balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). Fair value changes resulting from the exchange risk of the hedged item has been accounted for under "derivatives held for hedging" as an asset or liability on the balance sheet and as "financial income/expenses" in the statement of income. As of 31 December 2020, net foreign exchange loss related to the hedged item accounted for under "financial income/expenses" amounted to TL62.350 thousand (2019: TL81.890 thousand net foreign exchange loss).

##### b. Cash flow hedges:

Tüpraş, a Subsidiary of the Group, has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its USD229 million (31 December 2019: USD306 million) long-term loan issue with floating interest rate. Within the scope of aforementioned transactions, TL29.963 thousand net interest expense after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 (2019: TL31.016 thousand net interest expense after tax).

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

Tüpraş has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its TL650 million long-term bond issue with floating interest rate. Within the scope of aforementioned transactions, TL32.179 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 (2019: TL33.453 thousand net interest expense after tax).

Tüpraş has entered into currency swap transactions in order to mitigate the foreign exchange risk arising from principal and interest payments of its USD66,8 million (2019: USD141,6 million) and EUR52,3 million (2019: TL156,9 million) borrowings. Total net financial income after tax recognised under the "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 within the scope of aforementioned currency swap transactions amounted to TL44.105 thousand (2019: TL48.336 thousand net financial expense after tax).

Tüpraş' Residuüm Upgrade Project (RUP) financing loans are designated as hedging instruments against the spot foreign exchange rate risk (USD/TL) associated with highly probable export revenues. In this context, Tüpraş started to apply cash flow hedge accounting effective from 1 March 2015. The amount of loans associated within this scope amounted to USD576 million as of 31 December 2020 (2019: USD693 million). The after tax foreign exchange loss recognised under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 in the scope of cash flow hedge amounted to TL123.115 thousand (2019: TL31.667 thousand foreign exchange gain after tax).

Arçelik, a Subsidiary of the Group, has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its TL1.000 million long-term bond issue with floating interest rate. Within the scope of aforementioned transactions, TL51.622 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 (2019: TL53.896 thousand net interest expense after tax).

Aygaz, a Subsidiary of the Group, has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its TL170 million long-term bond issue with floating interest rate. Within the scope of aforementioned transactions, TL8.188 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 (2019: TL10.582 thousand net interest expense after tax).

Aygaz has entered into currency swap transactions in order to mitigate the foreign exchange and interest risk arising from USD4,5 million (2019: USD13.5 million) of principal and floating interest payments of borrowings. Total net financial expense after tax recognised under the "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 within the scope of aforementioned currency swap transactions amounted to TL1.992 thousand (2019: TL5.884 thousand net financial expense after tax).

Ditaş, a Subsidiary of the Group, has designated its loans borrowed for financing of ship investments as hedging instruments against the spot foreign exchange risk (USD/TL) associated with highly probable export revenues. In this context, Ditaş started to apply cash flow hedge accounting effective from 1 July 2016. The amount of loans associated within this scope amounted to USD60 million as of 31 December 2020 (2019: USD120 million). The after tax foreign exchange loss recognised under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 in the scope of cash flow hedge amounted to TL75.160 thousand (2019: TL19.554 thousand foreign exchange loss after tax).

Ditaş, has entered into currency swap transactions in order to mitigate the foreign exchange risk arising from EUR8,9 million (2019: EUR17,7 million) of principal and interest payments of borrowings. The total net financial income after tax recognised under the "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 within the scope of aforementioned currency swap transactions amounted to TL25.574 thousand (2019: TL4.110 thousand net financial expense after tax).

Setur, a Subsidiary of the Group, has designated its loans borrowed for financing of Duty-Free investments as hedging instruments against the spot foreign exchange risk (EUR/TL) associated with highly probable export revenues. In this context, Setur started to apply cash flow hedge accounting effective from 1 January 2017. The amount of loans associated within this scope amounted to EUR3,3 million as of 31 December 2020 (31 December 2019: EUR9,9 million). The after tax foreign exchange gain recognised under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 in the scope of cash flow hedge amounted to TL861 thousand (2019: TL1.138 thousand foreign exchange loss after tax).

Entek, Ditaş and Tat Gıda, the Subsidiaries of the Group, have entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of long-term borrowings with floating rate. The after tax net interest expense of the aforementioned swap transactions recognised under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2020 amounted to TL23.577 thousand (2019: TL6.949 thousand net interest expense after tax).

"Commodity derivatives" classified under derivative instruments held for hedging include derivative transactions of Tüpraş and Aygaz, the Subsidiaries of the Group, realised for the purpose of hedging against price risk of inventories. The after tax net foreign exchange loss recognised under "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2020 within the scope of related derivative transactions amounted to TL8.898 thousand (2019: Includes product margin (crack margin) fixing derivative transactions of Tüpraş and TL102.577 thousand foreign exchange gain after tax has been recognised under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income).

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#### NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

##### c. Net investment hedges in a foreign operation:

Arçelik, a Subsidiary of the Group, designated some portion of its EUR denominated bank loans as hedging instrument in order to hedge the foreign currency risk arising from the translation of net assets of some of its subsidiaries operating in Europe from EUR to Turkish Lira. As of 31 December 2020, EUR154 million of debt securities in issue was designated as net investment hedging instrument (31 December 2019: EUR154 million). Net foreign exchange loss after tax accounted for under "gains/(losses) on hedges of net investments in foreign operations" in the statement of other comprehensive income of 2020 amounted to TL290.126 thousand (2019: TL74.712 thousand foreign exchange loss after tax).

Otokoç, a Subsidiary of the Group, designated EUR25,7 million (31 December 2019: EUR34,2 million) of its loans as hedging instrument in order to hedge the foreign currency risk arising from the translation of net assets of some of its subsidiaries operating in Europe from EUR to Turkish Lira. Net foreign exchange loss after tax accounted for under "gains/(losses) on hedges of net investments in foreign operations" in the statement of other comprehensive income of 2020 amounted to TL51.211 thousand (2019: TL15.696 thousand foreign exchange loss after tax).

#### NOTE 12 - INVENTORIES

|                                | 31 December 2020  | 31 December 2019  |
|--------------------------------|-------------------|-------------------|
| Raw materials and supplies     | 4.651.008         | 3.842.070         |
| Work in progress               | 2.023.063         | 1.834.032         |
| Finished goods                 | 6.393.546         | 5.545.761         |
| Merchandise                    | 2.842.834         | 1.761.269         |
| Goods in transit               | 2.847.526         | 4.483.109         |
| Other inventories              | 81.775            | 83.080            |
| Less: Provision for impairment | (187.908)         | (118.478)         |
|                                | <b>18.651.844</b> | <b>17.430.843</b> |

Movement of provision for impairment on inventories is as follows:

|  | 2020           | 2019           |
|--|----------------|----------------|
| <b>The beginning of the period - 1 January</b> | <b>118.478</b> | <b>215.350</b> |
| Increase during the period                     | 117.746        | 55.877         |
| Reversal of provisions                         | (66.813)       | (169.372)      |
| Currency translation differences               | 18.497         | 8.531          |
| Acquisitions                                   | -              | 8.092          |
| <b>End of the period - 31 December</b>         | <b>187.908</b> | <b>118.478</b> |

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#### NOTE 13 - INVESTMENT PROPERTIES

|  | 2020           | 2019           |
|--|----------------|----------------|
| <b>As of 1 January</b>                               |                |                |
| Cost   | 512.854        | 578.895        |
| Accumulated depreciation                             | (118.071)      | (111.584)      |
| <b>Net book value</b>                                | <b>394.783</b> | <b>467.311</b> |
| <b>Net book value at the beginning of the period</b> | <b>394.783</b> | <b>467.311</b> |
| Additions  | 14             | -              |
| Disposals  | -              | (24.180)       |
| Transfers  | -              | (38.117)       |
| Current period depreciation                          | (10.055)       | (10.231)       |
| <b>Net book value at the end of the period</b>       | <b>384.742</b> | <b>394.783</b> |
| <b>As of 31 December</b>                             |                |                |
| Cost   | 512.830        | 512.854        |
| Accumulated depreciation                             | (128.088)      | (118.071)      |
| <b>Net book value</b>                                | <b>384.742</b> | <b>394.783</b> |

The fair value of the investment property, with TL384.742 thousand net book value (2019: TL394.783 thousand), is TL617.642 thousand (2019: TL467.556 thousand) as of 31 December 2020.



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#### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

|  | Land and land<br>improvements | Buildings        | Machinery<br>and<br>equipment | Motor<br>vehicles | Furniture<br>and fixtures | Constructions<br>in progress | Leasehold<br>improvements | Total             |
|--|-------------------------------|------------------|-------------------------------|-------------------|---------------------------|------------------------------|---------------------------|-------------------|
| <b>As of 1 January 2020</b>                          |                               |                  |                               |                   |                           |                              |                           |                   |
| Cost   | 5.847.424                     | 4.281.569        | 21.849.879                    | 8.692.732         | 1.703.116                 | 1.725.287                    | 675.521                   | 44.775.528        |
| Accumulated depreciation                             | (1.281.900)                   | (1.168.684)      | (9.097.300)                   | (1.629.611)       | (1.074.668)               | -                            | (369.460)                 | (14.621.623)      |
| <b>Net book value</b>                                | <b>4.565.524</b>              | <b>3.112.885</b> | <b>12.752.579</b>             | <b>7.063.121</b>  | <b>628.448</b>            | <b>1.725.287</b>             | <b>306.061</b>            | <b>30.153.905</b> |
| <b>Net book value at the beginning of the period</b> |                               |                  |                               |                   |                           |                              |                           |                   |
| Additions  | 148.095                       | 824.070          | 722.086                       | 2.938.140         | 609.753                   | 1.444.842                    | 64.189                    | 6.751.175         |
| Business combinations<br>(Note 3)                    | 111.098                       | 3.436.133        | -                             | 189               | 688.623                   | -                            | 127.096                   | 4.363.139         |
| Disposals  | (3.033)                       | (142.489)        | (126.383)                     | (114.578)         | (18.789)                  | (8.856)                      | (27.573)                  | (441.701)         |
| Transfers <sup>(1)</sup>                             | (9.033)                       | 427.320          | 220.734                       | (515.846)         | (52.572)                  | (904.335)                    | (27.893)                  | (861.625)         |
| Provision for impairment <sup>(2)</sup>              | -                             | -                | (22.065)                      | -                 | -                         | -                            | -                         | (22.065)          |
| Currency translation<br>differences                  | 80.218                        | 291.176          | 558.501                       | 769.555           | (20.501)                  | 37.898                       | 15.771                    | 1.732.618         |
| Current period<br>depreciation                       | (182.668)                     | (715.910)        | (1.118.854)                   | (700.679)         | (349.148)                 | -                            | (87.370)                  | (3.154.629)       |
| <b>Net book value at the end of the period</b>       | <b>4.710.201</b>              | <b>7.233.185</b> | <b>12.986.598</b>             | <b>9.439.902</b>  | <b>1.485.814</b>          | <b>2.294.836</b>             | <b>370.281</b>            | <b>38.520.817</b> |
| <b>31 December 2020</b>                              |                               |                  |                               |                   |                           |                              |                           |                   |
| Cost   | 6.153.338                     | 10.797.815       | 23.048.572                    | 11.730.555        | 3.984.996                 | 2.294.836                    | 934.905                   | 58.945.017        |
| Accumulated depreciation                             | (1.443.137)                   | (3.564.630)      | (10.061.974)                  | (2.290.653)       | (2.499.182)               | -                            | (564.624)                 | (20.424.200)      |
| <b>Net book value</b>                                | <b>4.710.201</b>              | <b>7.233.185</b> | <b>12.986.598</b>             | <b>9.439.902</b>  | <b>1.485.814</b>          | <b>2.294.836</b>             | <b>370.281</b>            | <b>38.520.817</b> |

(1) Include transfers amounting to TL563.678 thousand from other non-current assets used in operational lease classified under property, plant and equipment to inventories, transfers amounting to TL40.724 thousand from property, plant and equipment to other intangible assets (Note 16) and transfers amounting to TL257.223 thousand to assets held for sale. Transfers to assets held for sale are related to the production facility of Arçelik located in Changzhou, China, which was decided to be sold and of which sales transaction was completed as of 31 December 2020 and the assets of SEK business operating in milk and dairy products business of Tat Gıda (Note 25).

(2) Related to the property, plant and equipment of Arçelik, which would not provide economic benefits in the future.

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#### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

|   | Land and land<br>improvements | Buildings        | Machinery<br>and<br>equipment | Motor<br>vehicles | Furniture<br>and fixtures | Constructions<br>in progress | Leasehold<br>improvements | Total             |
|---|-------------------------------|------------------|-------------------------------|-------------------|---------------------------|------------------------------|---------------------------|-------------------|
| <b>As of 1 January 2019</b>   |                               |                  |                               |                   |                           |                              |                           |                   |
| Cost  | 5.515.526                     | 2.613.605        | 20.684.201                    | 6.879.077         | 1.458.320                 | 1.324.746                    | 566.496                   | 39.041.971        |
| Accumulated depreciation  | (1.098.130)                   | (777.438)        | (8.140.044)                   | (1.426.606)       | (908.496)                 | -                            | (294.438)                 | (12.645.152)      |
| <b>Net book value</b>   | <b>4.417.396</b>              | <b>1.836.167</b> | <b>12.544.157</b>             | <b>5.452.471</b>  | <b>549.824</b>            | <b>1.324.746</b>             | <b>272.058</b>            | <b>26.396.819</b> |
| Initial recognition of right-of-use assets within the scope of TFRS 16 <sup>(1)</sup> | 180.356                       | 958.185          | 57.639                        | 21.332            | 3.029                     | -                            | -                         | 1.220.541         |
| <b>Net book value at the beginning of the period</b>                                  | <b>4.597.752</b>              | <b>2.794.352</b> | <b>12.601.796</b>             | <b>5.473.803</b>  | <b>552.853</b>            | <b>1.324.746</b>             | <b>272.058</b>            | <b>27.617.360</b> |
| Additions   | 13.408                        | 296.714          | 247.634                       | 2.589.571         | 207.804                   | 1.475.695                    | 58.098                    | 4.888.924         |
| Disposals   | (354)                         | (7.932)          | (61.230)                      | (129.897)         | (10.723)                  | (544)                        | (3.725)                   | (214.405)         |
| Acquisitions <sup>(2)</sup>   | 43.901                        | 88.031           | 62.859                        | 2                 | 3.279                     | -                            | 12.342                    | 210.414           |
| Transfers <sup>(3)</sup>  | 81.840                        | 160.325          | 827.743                       | (545.302)         | 43.048                    | (1.101.092)                  | 7.850                     | (525.588)         |
| Currency translation differences  | 11.050                        | 136.241          | 148.986                       | 172.220           | 9.728                     | 26.482                       | 7.768                     | 512.475           |
| Impairment  | -                             | -                | (58.091)                      | -                 | -                         | -                            | -                         | (58.091)          |
| Current period depreciation   | (182.073)                     | (354.846)        | (1.017.118)                   | (497.276)         | (177.541)                 | -                            | (48.330)                  | (2.277.184)       |
| <b>Net book value at the end of the period</b>  | <b>4.565.524</b>              | <b>3.112.885</b> | <b>12.752.579</b>             | <b>7.063.121</b>  | <b>628.448</b>            | <b>1.725.287</b>             | <b>306.061</b>            | <b>30.153.905</b> |
| <b>31 December 2019</b>   |                               |                  |                               |                   |                           |                              |                           |                   |
| Cost  | 5.847.424                     | 4.281.569        | 21.849.879                    | 8.692.732         | 1.703.116                 | 1.725.287                    | 675.521                   | 44.775.528        |
| Accumulated depreciation  | (1.281.900)                   | (1.168.684)      | (9.097.300)                   | (1.629.611)       | (1.074.668)               | -                            | (369.460)                 | (14.621.623)      |
| <b>Net book value</b>   | <b>4.565.524</b>              | <b>3.112.885</b> | <b>12.752.579</b>             | <b>7.063.121</b>  | <b>628.448</b>            | <b>1.725.287</b>             | <b>306.061</b>            | <b>30.153.905</b> |

(1) Net book value of the right-of-use assets classified under property, plant and equipment is TL1.431.047 thousand as of 31 December 2019. For the year ended 31 December 2019, additions to the right-of-use assets amounted to TL394.622 thousand and depreciation expenses amounted to TL382.164 thousand.

(2) Related to the acquisition of Singer Bangladesh by Arçelik and acquisition of Bal Kaynak Su by Aygaz.

(3) Includes transfers amounting to TL573.657 thousand from non-current assets used in operational lease classified under property, plant and equipment to inventories, transfers amounting to TL10.525 thousand from property, plant and equipment to other intangible assets (Note 16), transfers amounting to TL20.477 thousand from other non-current assets to property, plant and equipment and transfers amounting to TL38.117 thousand from investment properties to property, plant and equipment.

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#### NOTE 15 - GOODWILL

|  | 2020             | 2019             |
|--|------------------|------------------|
| <b>Net book value at the beginning of the period - 1 January</b> | <b>3.545.249</b> | <b>3.244.429</b> |
| Currency translation differences                                 | 180.274          | 55.722           |
| Acquisitions   | -                | 251.149          |
| Disposals  | -                | (6.051)          |
| <b>Net book value at the end of the period - 31 December</b>     | <b>3.725.523</b> | <b>3.545.249</b> |

The allocation of the goodwill is as follows:

|                   | 31 December 2020 | 31 December 2019 |
|-------------------|------------------|------------------|
| Tüpraş            | 2.736.463        | 2.736.463        |
| Defy Group        | 408.708          | 343.316          |
| Singer Bangladesh | 330.498          | 256.563          |
| Dawlance Group    | 236.468          | 198.340          |
| Other             | 13.386           | 10.567           |
|                   | <b>3.725.523</b> | <b>3.545.249</b> |

#### 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 2020 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 ten 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 ten years are extrapolated using the long term growth rate of 2,1%. The discount rate (cost of equity) used to discount the related cash flows is 11%.

#### b) 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 2021 and 31 December 2025. Cash flows for further periods were extrapolated using a constant growth rate of 5,3% which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 13,9% 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.

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### NOTE 15 - GOODWILL (Continued)

#### c) 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 denominated in Pakistan Rupee, approved by Arçelik management covering five years period between 1 January 2021 and 31 December 2025. Cash flows for further periods were extrapolated using a constant growth rate of 5% which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 14,7% 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 2020.

#### 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 2020 are summarised in the following table:

|                                    | Tüpraş | Defy Group | Dawlance Group | Singer Bangladesh |
|------------------------------------|--------|------------|----------------|-------------------|
| Base scenario                      | 402%   | 22%        | 95%            | 67%               |
| <b>Sensitivity analysis:</b>       |        |            |                |                   |
| Long-term growth rate: 1% decrease | 370%   | 13%        | 79%            | -                 |
| Discount rate: 1% increase         | 339%   | 6%         | 70%            | -                 |
| 20% decrease in market value       | -      | -          | -              | 34%               |

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**NOTE 16 - OTHER INTANGIBLE ASSETS**

|  | Rights         | Brand            | Core Deposit     | Development Costs | Customer Relations | Other          | Total            |
|--|----------------|------------------|------------------|-------------------|--------------------|----------------|------------------|
| <b>1 January 2020</b>                          |                |                  |                  |                   |                    |                |                  |
| Cost   | 1.485.975      | 1.316.953        | -                | 2.594.839         | 547.676            | 477.354        | 6.422.797        |
| Accumulated amortisation                       | (804.334)      | -                | -                | (1.290.663)       | (80.287)           | (134.091)      | (2.309.375)      |
| <b>Net book value</b>                          | <b>681.641</b> | <b>1.316.953</b> | <b>-</b>         | <b>1.304.176</b>  | <b>467.389</b>     | <b>343.263</b> | <b>4.113.422</b> |
| Additions                                      | 178.028        | -                | -                | 767.178           | -                  | 156.849        | 1.102.055        |
| Business combinations (Note 3)                 | 11.243         | 2.013.259        | 1.451.971        | 215.965           | -                  | 697.228        | 4.389.666        |
| Disposals                                      | (13.687)       | -                | -                | (418)             | -                  | (43)           | (14.148)         |
| Provision for impairment                       | -              | -                | -                | -                 | -                  | (75.214)       | (75.214)         |
| Transfers <sup>(1)</sup>                       | 21.221         | -                | -                | 15.481            | -                  | 4.022          | 40.724           |
| Currency translation differences               | 46.455         | 348.066          | -                | -                 | 93.195             | 19.473         | 507.189          |
| Current period amortisation                    | (160.157)      | -                | (190.139)        | (287.480)         | (29.571)           | (189.855)      | (857.202)        |
| <b>Net book value at the end of the period</b> | <b>764.744</b> | <b>3.678.278</b> | <b>1.261.832</b> | <b>2.014.902</b>  | <b>531.013</b>     | <b>955.723</b> | <b>9.206.492</b> |
| <b>31 December 2020</b>                        |                |                  |                  |                   |                    |                |                  |
| Cost   | 1.796.367      | 3.678.278        | 1.615.055        | 3.641.305         | 640.871            | 1.659.501      | 13.031.377       |
| Accumulated amortisation                       | (1.031.623)    | -                | (353.223)        | (1.626.403)       | (109.858)          | (703.778)      | (3.824.885)      |
| <b>Net book value</b>                          | <b>764.744</b> | <b>3.678.278</b> | <b>1.261.832</b> | <b>2.014.902</b>  | <b>531.013</b>     | <b>955.723</b> | <b>9.206.492</b> |



## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 16 - OTHER INTANGIBLE ASSETS (Continued)

|  | Rights         | Brand            | Development Costs | Customer Relations | Other          | Total            |
|--|----------------|------------------|-------------------|--------------------|----------------|------------------|
| <b>1 January 2019</b>                          |                |                  |                   |                    |                |                  |
| Cost   | 1.307.435      | 1.195.285        | 1.985.289         | 538.419            | 493.502        | 5.519.930        |
| Accumulated amortisation                       | (685.187)      | -                | (1.050.426)       | (54.479)           | (109.102)      | (1.899.194)      |
| <b>Net book value</b>                          | <b>622.248</b> | <b>1.195.285</b> | <b>934.863</b>    | <b>483.940</b>     | <b>384.400</b> | <b>3.620.736</b> |
| Additions                                      | 126.924        | -                | 527.980           | -                  | 7.212          | 662.116          |
| Acquisitions                                   | 2.728          | -                | -                 | -                  | 65.882         | 68.610           |
| Disposals                                      | (87)           | -                | (753)             | -                  | -              | (840)            |
| Transfers <sup>(*)</sup>                       | 25.218         | -                | 77.747            | -                  | (92.440)       | 10.525           |
| Currency translation differences               | 18.117         | 121.668          | -                 | 9.257              | (3.851)        | 145.191          |
| Current period amortisation                    | (113.507)      | -                | (235.661)         | (25.808)           | (17.940)       | (392.916)        |
| <b>Net book value at the end of the period</b> | <b>681.641</b> | <b>1.316.953</b> | <b>1.304.176</b>  | <b>467.389</b>     | <b>343.263</b> | <b>4.113.422</b> |
| <b>31 December 2019</b>                        |                |                  |                   |                    |                |                  |
| Cost   | 1.485.975      | 1.316.953        | 2.594.839         | 547.676            | 477.354        | 6.422.797        |
| Accumulated amortisation                       | (804.334)      | -                | (1.290.663)       | (80.287)           | (134.091)      | (2.309.375)      |
| <b>Net book value</b>                          | <b>681.641</b> | <b>1.316.953</b> | <b>1.304.176</b>  | <b>467.389</b>     | <b>343.263</b> | <b>4.113.422</b> |

(\*) Includes transfers from property, plant and equipment.

Total research and development expenditures incurred in 2020 excluding amortisation amounts to TL941.830 thousand (2019: TL661.754 thousand).

As of 31 December 2020, net book value of intangible assets with indefinite useful lives amounted to TL3.678.278 thousand (2019: TL1.316.953 thousand) 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 2020 | 31 December 2019 |
|--------------------|------------------|------------------|
| Yapı Kredi Bankası | 2.013.259        | -                |
| Arçelik            |                  |                  |
| Grundig            | 775.239          | 572.364          |
| Defy               | 524.105          | 440.249          |
| Dawlance           | 323.933          | 271.702          |
| Other              | 41.742           | 32.638           |
|                    | <b>3.678.278</b> | <b>1.316.953</b> |

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### NOTE 16 - OTHER INTANGIBLE ASSETS (Continued)

#### Brand impairment test

##### Yapı Kredi Bankası brand

As of 31 December 2020, 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 9,3% 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 19,5% discount rate after tax. Value in use of the brand was calculated 5% above its carrying value and no impairment has been identified.

According to the sensitivity scenario in which 0,5% higher after tax discount rate is used, the value in use of the brand approximates to its carrying value.

##### Arçelik brands

As of 31 December 2020, 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 5,3% 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 7,6% to 14,7% discount rates after tax. Value in use of the brands has been calculated as 10,6 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, value in use of the brands is calculated as 8,8 times of their carrying values.

### NOTE 17 - BORROWINGS

|                                   | 31 December 2020   |                   |                    | 31 December 2019 |                   |                   |
|-----------------------------------|--------------------|-------------------|--------------------|------------------|-------------------|-------------------|
|                                   | Finance            | Non-Finance       | Total              | Finance          | Non-Finance       | Total             |
| <b>Short-term borrowings (*):</b> |                    |                   |                    |                  |                   |                   |
| Bank borrowings                   | 37.881.282         | 16.818.409        | 54.699.691         | 1.049.889        | 14.644.239        | 15.694.128        |
| Debt securities in issue          | 10.398.036         | 5.926.812         | 16.324.848         | 108.029          | 5.040.725         | 5.148.754         |
| Factoring payables                | -                  | 120.716           | 120.716            | -                | 125.967           | 125.967           |
| Lease liabilities                 | 232.704            | 346.271           | 578.975            | 926              | 315.992           | 316.918           |
|                                   | <b>48.512.022</b>  | <b>23.212.208</b> | <b>71.724.230</b>  | <b>1.158.844</b> | <b>20.126.923</b> | <b>21.285.767</b> |
| <b>Long-term borrowings:</b>      |                    |                   |                    |                  |                   |                   |
| Bank borrowings                   | 19.424.990         | 23.553.516        | 42.978.506         | 850.000          | 16.226.248        | 17.076.248        |
| Debt securities in issue          | 43.602.359         | 21.429.708        | 65.032.067         | 170.000          | 20.678.281        | 20.848.281        |
| Lease liabilities                 | 861.826            | 1.210.615         | 2.072.441          | 4.227            | 1.081.568         | 1.085.795         |
|                                   | <b>63.889.175</b>  | <b>46.193.839</b> | <b>110.083.014</b> | <b>1.024.227</b> | <b>37.986.097</b> | <b>39.010.324</b> |
| <b>Total borrowings</b>           | <b>112.401.197</b> | <b>69.406.047</b> | <b>181.807.244</b> | <b>2.183.071</b> | <b>58.113.020</b> | <b>60.296.091</b> |

(\*) Includes short-term portion of long-term borrowings.

Group companies operating in Non-Finance sectors have borrowings amounting to TL1.194.394 thousand obtained from Yapı Kredi Bank and eliminated during the preparation of consolidated financial statements as of 31 December 2020.

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 17 - BORROWINGS (Continued)

#### Long-term debt securities issued:

##### 2020:

Tüpraş, a Subsidiary of the Group, completed the bond issue with a nominal value of TL500 million, maturity of 728 days, coupon payments in every 3 months, principal and coupon payments at the end of maturity and 140 bps additional return over TLREF reference ratio on 30 November 2020.

Olympic, a Subsidiary of the Group, completed the bond issue with a nominal value of EUR130 million, maturity of 1011 days on 13 August 2020.

Koç Finansman, a Subsidiary of the Group, completed bond issues with a total nominal value of TL240 million and maturities between 10 and 18 months, principal and coupon payments at the end of maturity and annual interest rates between 9,50% and 14,25% in 2020.

#### Other major long term borrowings:

##### Finance:

Yapı Kredi Bankası, a Subsidiary of the Group, issued a perpetual debt instrument abroad on 15 January 2019 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, coupon payment every 6 months and early redeemable in every five years after the issuance with the BRSA approval.

On 8 March 2016, Yapı Kredi Bankası launched a Basel III compliant subordinated note with an amount of USD500 million, 10 year 1 day maturity and an early payment option at the end of the 5<sup>th</sup> year. The note has 8,5% coupon rate and if the notes are not redeemed at the fifth year, the coupon will be reset as 5 year mid-swap +7,40% for the remaining 5 years.

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 mid-swap +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 the interest rate has been revised as 6,55% for the first 5 years and mid-swap +7,71% for the remaining 5 years. Yapı Kredi Bankası prepaid USD200 million of the related loan on 16 January 2019.

On 29 November 2012, Yapı Kredi Bankası issued a Basel II compliant 10 year bullet subordinated note with an amount of USD1 billion and maturity of 10 years. The note has 5,5% coupon rate and was counted towards capital at 5% as of 31 December 2020.

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% 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 the interest rate has been revised as 5,70%.

##### Non-finance:

Arçelik, a Subsidiary of the Group, completed the bond issue with a nominal value of TL500 million, maturity of 723 days, coupon payments in every 3 months, principal and coupon payments at the end of maturity and 50 bps additional return over 3MTRLIBOR reference ratio on 24 July 2019.

Otokoç, a Subsidiary of the Group, completed the bond issue with a nominal value of TL300 million, maturity of 728 days, coupon payments in every 3 months, principal and coupon payments at the end of maturity and 90 bps additional return over 3MTRLIBOR reference ratio on 15 March 2019.

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.

Arçelik, a Subsidiary of the Group, completed the bond issue with a nominal value of TL500 million, maturity of 728 days, coupon payments in every 3 months, principal and coupon payments at the end of maturity and 75 bps additional return over 3MTRLIBOR reference ratio on 15 February 2019.

Tüpraş, a Subsidiary of the Group, completed the bond issue with a nominal value of TL400 million, maturity of 728 days, coupon payments in every 3 months, principal and coupon payments at the end of maturity and 75 bps additional return over 3MTRLIBOR reference ratio on 8 February 2019.

Tüpraş, a Subsidiary of the Group, 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.

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### NOTE 17 - BORROWINGS (Continued)

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.

Arçelik, a Subsidiary of the Group, completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of EUR350 million, maturity of 7 years, coupon payments in each year, principal and coupon payments at the end of maturity and an annual interest rate of 4% on 16 September 2014.

Arçelik, a Subsidiary of the Group, 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, a Subsidiary of the Group, signed three different loan agreements to finance the Fuel Oil Conversion Project in 2011. Within the scope of these loan agreements, USD1.998 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 USD576 million as of 31 December 2020 (31 December 2019: USD765 million).

The redemption schedule of long-term financial liabilities is as follows:

|                  | 31 December 2020   | 31 December 2019  |
|------------------|--------------------|-------------------|
| 1-2 years        | 17.419.787         | 14.905.218        |
| 2-3 years        | 13.344.659         | 2.990.214         |
| 3-4 years        | 4.839.334          | 9.580.120         |
| 4-5 years        | 55.945.723         | 4.960.534         |
| 5 years and over | 18.533.511         | 6.574.238         |
|                  | <b>110.083.014</b> | <b>39.010.324</b> |

Movement of the financial liabilities as of 31 December 2020 and 2019 is as follows:

|  | 2020               | 2019              |
|--|--------------------|-------------------|
| <b>Beginning of the period - 1 January</b>                           | <b>60.296.091</b>  | <b>49.813.677</b> |
| Additions  | 93.336.271         | 69.495.184        |
| Repayments of borrowings   | (97.865.167)       | (64.749.365)      |
| Business combinations (Note 3)                                       | 104.433.891        | 320.359           |
| Initial recognition of lease liabilities within the scope of TFRS 16 | -                  | 1.220.541         |
| New lease contracts/impact of lease modifications                    | 622.560            | 358.255           |
| Cash outflows from payments of lease liabilities                     | (790.372)          | (436.480)         |
| Change in exchange rates   | 18.395.718         | 3.788.295         |
| Change in interest accruals  | 5.731.309          | 235.196           |
| Currency translation differences                                     | 857.186            | 250.429           |
| Consolidation eliminations and adjustments                           | (3.210.243)        | -                 |
| <b>End of the period - 31 December</b>                               | <b>181.807.244</b> | <b>60.296.091</b> |

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#### NOTE 18 - PAYABLES OF FINANCE SECTOR OPERATIONS

|  | 31 December 2020   | 31 December 2019 |
|--|--------------------|------------------|
| Short-term payables of finance sector operations | 274.101.362        | -                |
| Long-term payables of finance sector operations  | 3.069.577          | -                |
|  | <b>277.170.939</b> | <b>-</b>         |

Breakdown of payables of finance sector operations is as follows:

|   | 31 December 2020  |                    |                    | 31 December 2019 |          |          |
|---|-------------------|--------------------|--------------------|------------------|----------|----------|
|   | Demand            | Time               | Total              | Demand           | Time     | Total    |
| <b>TL deposits</b>                          |                   |                    |                    |                  |          |          |
| Saving deposits                             | 14.237.372        | 45.300.790         | 59.538.162         | -                | -        | -        |
| Commercial deposits                         | 11.075.227        | 21.263.847         | 32.339.074         | -                | -        | -        |
| Interbank deposits                          | 279.641           | 49.464             | 329.105            | -                | -        | -        |
| Funds deposited under repurchase agreements | -                 | 25.215.811         | 25.215.811         | -                | -        | -        |
| Public sector deposits                      | 1.235.151         | 22.227             | 1.257.378          | -                | -        | -        |
|   | <b>26.827.391</b> | <b>91.852.139</b>  | <b>118.679.530</b> | <b>-</b>         | <b>-</b> | <b>-</b> |
| <b>Foreign currency deposits</b>            |                   |                    |                    |                  |          |          |
| Saving deposits                             | 37.024.581        | 54.666.486         | 91.691.067         | -                | -        | -        |
| Commercial deposits                         | 30.749.719        | 28.482.008         | 59.231.727         | -                | -        | -        |
| Interbank deposits                          | 340.710           | 4.413.447          | 4.754.157          | -                | -        | -        |
| Funds deposited under repurchase agreements | -                 | 2.814.458          | 2.814.458          | -                | -        | -        |
|   | <b>68.115.010</b> | <b>90.376.399</b>  | <b>158.491.409</b> | <b>-</b>         | <b>-</b> | <b>-</b> |
|   | <b>94.942.401</b> | <b>182.228.538</b> | <b>277.170.939</b> | <b>-</b>         | <b>-</b> | <b>-</b> |

#### NOTE 19 - TAX ASSETS AND LIABILITIES

|   | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|
| Current income tax liabilities              | 3.762.667        | 506.665          |
| Less: Prepaid income tax                    | (2.175.488)      | (410.063)        |
| <b>Current income tax liabilities (net)</b> | <b>1.587.179</b> | <b>96.602</b>    |
| Deferred tax assets                         | 9.812.215        | 5.483.674        |
| Deferred tax liabilities                    | (1.258.612)      | (1.023.651)      |
| <b>Deferred tax assets (net)</b>            | <b>8.553.603</b> | <b>4.460.023</b> |

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.



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#### NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

The corporation tax rate is 22% in Turkey in 2020 (2019: 22%). Corporation tax is payable on the total income of the company after adjusting for certain disallowable expenses, income not subject to tax and allowances.

In accordance with the "Law on the Amendment of Certain Tax Acts and Some Other Laws" numbered 7061 and published in Official Gazette on 5 December 2017; the corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2020 were calculated with 22% tax rate for the temporary differences that would be realised in 2019 and 2020; and with 20% tax rate for the temporary differences that will be realised after 2021 and onwards.

Income tax expenses in the consolidated income statements are summarised as follows:

|   | 2020               | 2019             |
|---|--------------------|------------------|
| Current period tax expense  | (3.819.493)        | (578.211)        |
| Deferred tax income (net)   | 2.612.988          | 952.272          |
|   | <b>(1.206.505)</b> | <b>374.061</b>   |
| <b>Profit before tax</b>  | <b>13.839.802</b>  | <b>5.547.223</b> |
| Less: Share of profit/loss of Joint Ventures                                | (2.966.673)        | (2.902.947)      |
| <b>Profit before tax (excluding share of profit/loss of Joint Ventures)</b> | <b>10.873.129</b>  | <b>2.644.276</b> |
| Domestic tax rate   | 22%                | 22%              |
| Tax calculated at domestic tax rate   | (2.392.088)        | (581.741)        |
| Investment tax credits  | 847.222            | 823.361          |
| Tax allowances/exemptions   | 780.122            | 279.179          |
| Tax rate differences/changes  | (284.042)          | 13.329           |
| Tax losses and other tax advantages (net effect)                            | (104.953)          | (52.639)         |
| Additions   | (75.614)           | (52.393)         |
| Other   | 22.848             | (55.035)         |
| <b>Tax income/(expense)</b>   | <b>(1.206.505)</b> | <b>374.061</b>   |

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#### NOTE 19 - 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 2020                 | 31 December 2019 | 31 December 2020                  | 31 December 2019 |
| Property, plant and equipment and intangible assets           | 13.065.961                       | 5.938.593        | (2.600.563)                       | (1.349.333)      |
| Investment incentives <sup>(1)</sup>                          | -                                | -                | 4.988.546                         | 4.606.440        |
| Impairment provision for loans and receivables                | (12.520.303)                     | (184.443)        | 2.528.641                         | 47.227           |
| Deductible tax losses and other tax advantages <sup>(2)</sup> | (4.874.269)                      | (2.621.379)      | 1.157.950                         | 616.237          |
| Derivative instruments  | (4.614.842)                      | 255.687          | 928.242                           | (56.186)         |
| Provision for employment termination benefits                 | (1.539.193)                      | (733.713)        | 314.667                           | 152.966          |
| Provision for the Pension Fund                                | (1.461.542)                      | -                | 292.308                           | -                |
| Warranty and assembly provisions                              | (1.193.179)                      | (841.343)        | 251.663                           | 190.475          |
| Inventories   | (852.948)                        | (370.751)        | 228.559                           | 105.356          |
| Provisions for unused vacations                               | (276.496)                        | (99.810)         | 56.913                            | 21.681           |
| Deferred income   | (135.590)                        | (138.155)        | 31.253                            | 22.730           |
| Expense accruals (net)  | (90.999)                         | (65.864)         | 19.825                            | 14.529           |
| Unearned finance income (net)                                 | (79.033)                         | (58.917)         | 16.312                            | 12.960           |
| Provisions for lawsuits                                       | (41.165)                         | (36.865)         | 9.004                             | 8.064            |
| Other (net)   | (1.508.121)                      | (379.884)        | 330.283                           | 66.877           |
| <b>Deferred tax assets (net)</b>                              |                                  |                  | <b>8.553.603</b>                  | <b>4.460.023</b> |

(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 TL4.546.105 thousand as of 31 December 2020 (31 December 2019: TL3.957.291 thousand) 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 TL409.654 thousand as of 31 December 2020 (31 December 2019: TL649.149 thousand) 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 TL32.787 thousand as of 31 December 2020 that Otokar will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

(2) Tax losses at Tüpraş, a Subsidiary of the Group, which are to be used within the next five years, have been recognised as deferred tax asset in the consolidated financial statements amounted to TL835.278 thousand as of 31 December 2020 (31 December 2019: TL 248.268 thousand).

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.

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#### NOTE 19 - 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 2020 | 31 December 2019 |
|-------------------|------------------|------------------|
| Up to 1 year      | 211.148          | 146.275          |
| Up to 2 years     | 67.569           | 103.812          |
| Up to 3 years     | 101.960          | 71.244           |
| Up to 4 years     | 201.016          | 142.611          |
| 5 years and above | 790.087          | 1.038.653        |
|                   | <b>1.371.780</b> | <b>1.502.595</b> |

Movements in deferred tax assets/(liabilities) are as follows:

|  | 2020             | 2019             |
|--|------------------|------------------|
| <b>Beginning of the period - 1 January</b>   | <b>4.460.023</b> | <b>3.504.977</b> |
| Charge to the income statement   | 2.612.988        | 952.272          |
| Charge to the equity:  |                  |                  |
| - Gains/(losses) on financial assets measured at fair value through other comprehensive income | (44.994)         | (2.594)          |
| - Gains/(losses) on cash flow hedges   | (487.199)        | 32.135           |
| - Gains/(losses) on hedges of net investments in foreign operation                             | 199.948          | 4.428            |
| - Gains/(losses) on remeasurements of defined benefit plans                                    | 46.081           | 20.158           |
| Business combinations (Note 3)   | 1.825.190        | (15.486)         |
| Currency translation differences   | (58.434)         | (35.867)         |
| <b>End of the period - 31 December</b>   | <b>8.553.603</b> | <b>4.460.023</b> |

#### NOTE 20 - PROVISIONS FOR EMPLOYEE BENEFITS

|   | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|
| Provision for employment termination benefits         | 1.639.770        | 776.735          |
| Provision for the Pension Fund                        | 1.461.542        | -                |
| Provision for unused vacations                        | 333.426          | 158.530          |
|   | <b>3.434.738</b> | <b>935.265</b>   |
| <b>Provision for employment termination benefits:</b> |                  |                  |
| - Domestic  | 1.603.804        | 757.141          |
| - Foreign   | 35.966           | 19.594           |
|   | <b>1.639.770</b> | <b>776.735</b>   |

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).

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#### NOTE 20 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

As of 31 December 2020, the amount payable consists of one month's salary limited to a maximum of TL7.117,17 (31 December 2019: TL6.379,86) 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 the 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 TL7.638,96 effective from 1 January 2021 (1 January 2020: TL6.730,15) has been taken into consideration in calculating the consolidated reserve for employment.

TFRS require actuarial valuation methods to be developed to estimate the 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 2020 | 31 December 2019 |
|--|------------------|------------------|
| Net discount rate (%)  | 4,63             | 4,67             |
| Turnover rate to estimate the probability of retirement (%)                    | 94,74            | 94,80            |
| Movements in the provision for employment termination benefits are as follows: |                  |                  |
|  | 2020             | 2019             |
| <b>Beginning of the period - 1 January</b>                                     | <b>776.735</b>   | <b>631.511</b>   |
| Interest expense   | 60.125           | 54.689           |
| Increases during the period  | 205.648          | 110.964          |
| Losses on remeasurement of defined benefit plans                               | 230.595          | 103.727          |
| Payments during the period   | (169.348)        | (126.181)        |
| Acquisitions   | 528.279          | -                |
| Currency translation differences   | 7.736            | 2.025            |
| <b>End of the period - 31 December</b>   | <b>1.639.770</b> | <b>776.735</b>   |

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#### NOTE 20 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

##### Provision for the Pension Fund:

Yapı Kredi Bankası, a Subsidiary of the Group, accounted for a provision amounting to TL1.461.542 thousand as of 31 December 2020 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 2020 | 31 December 2019 |
|--|------------------|------------------|
| Present value of funded obligations                    | 4.255.790        | -                |
| - Pension benefits transferable to SSI                 | 4.564.310        | -                |
| - Post-employment medical benefits transferable to SSI | (308.520)        | -                |
| Fair value of plan assets                              | (2.794.248)      | -                |
|  | <b>1.461.542</b> | <b>-</b>         |

The fair value of plan assets are comprised as follows:

|                                     | 31 December 2020 | 31 December 2019 |
|-------------------------------------|------------------|------------------|
| Bank placements                     | 1.620.269        | 58,00            |
| Government bonds and treasury bills | 754.788          | 27,00            |
| Property, plant and equipment       | 290.223          | 10,00            |
| Other                               | 128.968          | 5,00             |
|                                     | <b>2.794.248</b> | <b>100,00</b>    |

The principal actuarial assumptions used are as follows:

|  | 31 December 2020 |
|--|------------------|
| Discount rates (%):                                    |                  |
| - Pension benefits transferable to SSI                 | 9,80             |
| - Post-employment medical benefits transferable to SSI | 9,80             |

The average life expectancy of a pensioner is defined according to CSO 1980 mortality table.

The sensitivity analysis of provision for the Pension Fund is as follows:

| % change in defined benefit obligation | %      |
|--|--------|
| Discount rate +1%                      | (14,3) |
| Discount rate -1%                      | 18,5   |
| Price inflation +1%                    | 22,9   |
| Price inflation -1%                    | (17,2) |



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#### NOTE 21 - PROVISIONS

| a) Short-term provisions   | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| Provisions for warranty and assembly                                 | 854.016          | 620.003          |
| Provision for price revision (*)                                     | 249.205          | 201.666          |
| Expense accruals of construction contracts                           | 189.553          | 162.996          |
| Provisions for transportation  | 96.963           | 55.148           |
| Provisions for lawsuits  | 90.362           | 71.376           |
| Provision for Energy Market Regulation Authority participation share | 46.692           | 42.927           |
| Other  | 351.839          | 264.074          |
|  | <b>1.878.630</b> | <b>1.418.190</b> |

(\*) 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, effective from 1 January 2017, the import price would be adjusted in favor of Gazprom, and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Tüptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Tüptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Tüptan Satış A.Ş. as the contract price is updated retrospectively as of 1 January 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Tüptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of 31 December 2020, total provision of USD33.949 thousand (TL249.205 thousand (31 December 2019: TL201.666 thousand)), USD15.368 thousand for 2017, USD18.582 thousand for 2018, has been recognised in the consolidated financial statements.

| b) Other long-term provisions     | 31 December 2020 | 31 December 2019 |
|-----------------------------------|------------------|------------------|
| Provisions for non-cash loans     | 1.062.888        | -                |
| Provisions for warranty           | 289.640          | 139.281          |
| Provisions for lawsuits           | 134.514          | -                |
| Provisions for credit card points | 64.693           | -                |
|                                   | <b>1.551.735</b> | <b>139.281</b>   |

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#### NOTE 21 - 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 2020 and 2019 are as follows:

|                                  | Provision for<br>non-cash loans | Provisions for<br>warranty and<br>assembly | Expense accruals<br>of construction<br>contracts | Provision<br>for lawsuits |
|----------------------------------|---------------------------------|--|--|---------------------------|
| <b>As of 1 January 2020</b>      | -                               | 759.284                                    | 162.996  | 71.376                    |
| Business combinations            | 925.841                         | -  | -  | 130.765                   |
| Additions                        | 178.584                         | 448.150                                    | 26.557   | 50.861                    |
| Disposals/(Payments)             | (41.301)                        | (66.029)                                   | -  | (28.261)                  |
| Currency translation differences | (236)                           | 2.251                                      | -  | 135                       |
| <b>As of 31 December 2020</b>    | <b>1.062.888</b>                | <b>1.143.656</b>                           | <b>189.553</b>                                   | <b>224.876</b>            |
|                                  |                                 | Provisions for<br>warranty and<br>assembly | Expense accruals<br>of construction<br>contracts | Provision<br>for lawsuits |
| <b>As of 1 January 2019</b>      |                                 | 646.787                                    | 182.409  | 66.569                    |
| Additions                        |                                 | 1.372.993                                  | -  | 12.650                    |
| Disposals/(Payments)             |                                 | (1.296.490)                                | (19.413)   | (7.843)                   |
| Business combinations            |                                 | 4.768                                      | -  | -                         |
| Currency translation differences |                                 | 31.226                                     | -  | -                         |
| <b>As of 31 December 2019</b>    |                                 | <b>759.284</b>                             | <b>162.996</b>                                   | <b>71.376</b>             |

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#### NOTE 22 - OTHER RECEIVABLES AND PAYABLES

| a) Other receivables  | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|
| VAT and SCT receivables                                     | 1.336.388        | 2.439.965        |
| Taxes and funds deductible                                  | 857.536          | 711.844          |
|   | <b>2.193.924</b> | <b>3.151.809</b> |
| <b>b) Other short-term payables</b>                         |                  |                  |
| Taxes and duties payable                                    | 3.567.023        | 3.290.787        |
| Payables to the Privatisation Administration <sup>(*)</sup> | 244.656          | 263.027          |
| Social security premiums payable                            | 231.370          | 258.416          |
| Dividend payables to shareholders                           | 32.652           | -                |
|   | <b>4.075.701</b> | <b>3.812.230</b> |
| <b>c) Other long-term payables</b>                          |                  |                  |
| Payables to the Privatisation Administration <sup>(*)</sup> | 207.350          | 414.700          |
|   | <b>207.350</b>   | <b>414.700</b>   |

(\*) Operating right for a period of 49 years of Menzelet and Kilavuzlu Hydroelectric Power Plants, that was acquired through the privatisation tender on 19 September 2017 with a total consideration of TL1.276.000 thousand, was taken over by Menzelet Kilavuzlu Elektrik Üretim A.Ş., of which 100% of shares are owned by Entek, following the payment of TL446.600 thousand to Privatisation Administration ("PA") that corresponds to 35% of the total tender price on 9 March 2018. The remaining amount will be paid to PA until 2022 in 4 equal installments with an annual interest rate of 11%.

#### NOTE 23 - OTHER ASSETS AND LIABILITIES

| a) Other current assets                                  | 31 December 2020  | 31 December 2019 |
|--|-------------------|------------------|
| Pledged assets <sup>(*)</sup>                            | 13.446.737        | -                |
| Prepaid expenses   | 2.945.613         | 600.457          |
| Interbank cheque clearing accounts                       | 2.668.690         | -                |
| Short-term assets used in operational lease              | 1.649.508         | 1.175.462        |
| Advances given   | 1.162.363         | 376.222          |
| Income accruals  | 1.082.312         | 259.875          |
| Assets received for commitments of loans and receivables | 724.207           | -                |
| Gold reserves  | 633.044           | -                |
| Deposits and guarantees given                            | 178.792           | 66.224           |
| Income accrual on commodity hedge                        | 22.746            | 90.007           |
| Other  | 295.556           | 173.799          |
|  | <b>24.809.568</b> | <b>2.742.046</b> |

(\*) Includes collaterals given by Yapı Kredi Bankası, a Subsidiary of the Group, to the counter parties of derivative transactions.

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#### NOTE 23 - OTHER ASSETS AND LIABILITIES (Continued)

The movement of short-term assets used in operational lease is as follows:

|  | 2020             | 2019             |
|--|------------------|------------------|
| <b>Beginning of the period - 1 January</b> | <b>1.175.462</b> | <b>1.245.396</b> |
| Additions                                  | 1.060.931        | 608.843          |
| Transfers (*)                              | (551.816)        | (593.631)        |
| Currency translation differences           | 63.665           | 23.092           |
| Current period depreciation                | (98.734)         | (108.238)        |
| <b>End of the period - 31 December</b>     | <b>1.649.508</b> | <b>1.175.462</b> |

(\*) Includes transfers to inventories.

| <b>b) Other non-current assets</b> | <b>31 December 2020</b> | <b>31 December 2019</b> |
|------------------------------------|-------------------------|-------------------------|
| Spare parts and other materials    | 1.780.871               | 1.596.697               |
| Advances given                     | 1.181.465               | 605.487                 |
| Prepaid expenses                   | 91.183                  | 122.053                 |
| Other                              | 89.195                  | 113.527                 |
|                                    | <b>3.142.714</b>        | <b>2.437.764</b>        |

| <b>c) Other current liabilities</b>        |                   |                  |
|--|-------------------|------------------|
| Credit card payables                       | 12.785.096        | -                |
| Interbank/customer clearing accounts       | 2.826.822         | -                |
| Revenue share (*)                          | 2.210.451         | 1.866.833        |
| Accruals for sales and incentive bonus     | 1.632.061         | 1.076.069        |
| Deferred income                            | 1.093.320         | 352.758          |
| Advances received                          | 1.067.752         | 633.382          |
| Payables to personnel and premium accruals | 881.103           | 704.973          |
| Miscellaneous payables to bank customers   | 808.603           | -                |
| Deposits and guarantees received           | 590.783           | 86.990           |
| Import deposits and transfer orders        | 457.953           | -                |
| Expense accrual on commodity hedge         | 247.432           | 200.167          |
| Accruals for rent and advertising expenses | 157.263           | 115.312          |
| Saving deposit insurance fund payable      | 121.348           | -                |
| License fee expense accruals               | 105.931           | 87.127           |
| Blocked accounts                           | 93.766            | -                |
| Other                                      | 2.303.945         | 436.535          |
|  | <b>27.383.629</b> | <b>5.560.146</b> |

(\*) 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).

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#### NOTE 23 - OTHER ASSETS AND LIABILITIES (Continued)

| d) Other non-current liabilities | 31 December 2020 | 31 December 2019 |
|----------------------------------|------------------|------------------|
| Deferred income                  | 778.194          | 485.169          |
| Deposits and guarantees received | 236.905          | 186.241          |
| Advances received                | -                | 273.347          |
| Other                            | 168.356          | 54.867           |
|                                  | <b>1.183.455</b> | <b>999.624</b>   |

#### NOTE 24 - EQUITY

##### Share Capital

Koç Holding adopted the registered share capital system and its registered and issued share capital is as follows:

|  | 31 December 2020 |
|--|------------------|
| Limit on registered share capital (historical) | 5.000.000        |
| Issued share capital in nominal value          | 2.535.898        |

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 2020 |                  | 31 December 2019 |                  |
|--|------------------|------------------|------------------|------------------|
|  | Share %          | Amount           | Share %          | Amount           |
| Temel Ticaret ve Yatırım A.Ş.  | 43,65            | 1.106.970        | 43,65            | 1.106.970        |
| Koç Family Members   | 19,24            | 487.895          | 19,24            | 487.895          |
| Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş. | 1,40             | 35.386           | 1,40             | 35.386           |
| <b>Total Koç Family members and companies owned by Koç Family members</b>            | <b>64,29</b>     | <b>1.630.251</b> | <b>64,29</b>     | <b>1.630.251</b> |
| Vehbi Koç Vakfı  | 7,26             | 184.172          | 7,26             | 184.172          |
| Koç Holding Emekli ve Yardım Sandığı Vakfı   | 1,99             | 50.452           | 1,99             | 50.452           |
| Other  | 26,46            | 671.023          | 26,46            | 671.023          |
| <b>Paid-in share capital</b>   | <b>100,00</b>    | <b>2.535.898</b> | <b>100,00</b>    | <b>2.535.898</b> |
| Adjustment to share capital <sup>(*)</sup>   |                  | 967.288          |                  | 967.288          |
| <b>Total share capital</b>   |                  | <b>3.503.186</b> |                  | <b>3.503.186</b> |

(\*) 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.



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#### NOTE 24 - EQUITY (Continued)

The analysis of shares by group is as follows:

| Group | Unit of shares  | TL'000           | Nature of shares |
|-------|-----------------|------------------|------------------|
| A     | 67.877.342.230  | 678.773          | Registered       |
| B     | 185.712.462.770 | 1.857.125        | Registered       |
|       |                 | <b>2.535.898</b> |                  |

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).

#### Other Comprehensive Income/Expense

|  | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| <b>Items not to be reclassified to profit/loss:</b>  |                  |                  |
| Gains/(losses) on remeasurement of defined benefit plans                                     | (278.721)        | (297.850)        |
|  | <b>(278.721)</b> | <b>(297.850)</b> |
| <b>Items to be reclassified to profit/loss:</b>  |                  |                  |
| Currency translation differences   | 3.173.469        | 2.529.699        |
| Gains/(losses) on hedge  | (2.395.325)      | (2.992.323)      |
| - Cash flow hedge  | (1.492.778)      | (2.162.028)      |
| - Net investment hedge   | (902.547)        | (830.295)        |
| Gains/(losses) on financial assets measured at fair value through other comprehensive income | 389.096          | 57.615           |
|  | <b>1.167.240</b> | <b>(405.009)</b> |

The movements in other comprehensive income/expenses are presented in the statement of comprehensive income and statement of changes in equity.

#### Restricted Reserves

The details of the restricted reserves are as follows:

|                  | 31 December 2020 | 31 December 2019 |
|------------------|------------------|------------------|
| Legal reserves   | 507.179          | 507.179          |
| Special reserves | 16.586           | 16.586           |
|                  | <b>523.765</b>   | <b>523.765</b>   |

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".

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### NOTE 24 - EQUITY (Continued)

#### 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 2020, total amount of reserves that can be subject to dividend distribution without creating additional corporate tax burden is TL9.515.273 thousand.

At the Ordinary General Assembly Meeting of Koç Holding held on 2 April 2020, it was decided to distribute TL531.270.641,50 dividend to shareholders, TL127.930.922,93 dividend to usufruct shareholders and TL11.500.000 dividend to Koç Holding Emekli ve Yardım Sandığı Vakfı from taxable earnings of 2019. Cash dividend payments were completed as of 6-8 April 2020.

### NOTE 25 - ASSETS HELD FOR SALE

i) Tat Gıda, a Subsidiary of the Group, signed an asset sales agreement with CLA Süt ve Süt Ürünleri Gıda Sanayi Ticaret A.Ş. (Buyer) and Çallı Gıda Sanayi ve Ticaret A.Ş. (Guarantor) on 6 January 2021, regarding the transfer of its assets operating in milk and dairy products business, with a total amount of TL240.000 thousand + VAT (subject to price adjustment at the closing date). In this context, since the production and sales activities of SEK business operating in milk and dairy products are planned to be terminated following the completion of the transfer, the aforementioned assets and liabilities of Tat Gıda have been classified as held for sale in accordance with TFRS 5 in the consolidated financial statements as of 31 December 2020.

ii) 4 trading areas and 24 office areas delivered to Koç Holding amounting to TL35.320 thousand within the scope of the project realised jointly with KIPTAŞ, have been classified as assets held for sale since they are intended to be sold in the short term.

iii) Due to the ongoing liquidation process as of the balance sheet date, the assets and liabilities of Otoyol Sanayi, a Subsidiary of the Group, have been classified as held for sale in accordance with TFRS 5 in the consolidated financial statements as of 31 December 2020 and 2019. Liquidation procedures was completed on 20 January 2021.

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#### NOTE 25 - ASSETS HELD FOR SALE (Continued)

A summary of information regarding assets held for sale and liabilities related to assets held for sale is as follows:

| Assets held for sale          | 31 December 2020 | 31 December 2019 |
|-------------------------------|------------------|------------------|
| Cash and cash equivalents     | 3.976            | 5.836            |
| Inventories                   | 57.867           | -                |
| Property, plant and equipment | 101.213          | -                |
| Intangible assets             | 1.232            | -                |
| Investment properties         | 35.320           | 35.320           |
| Other assets                  | 1.713            | 763              |
|                               | <b>201.321</b>   | <b>41.919</b>    |

| Liabilities related to assets held for sale   |               |              |
|---|---------------|--------------|
| Provision for employment termination benefits | 7.745         | 214          |
| Other liabilities                             | 6.365         | 1.229        |
|   | <b>14.110</b> | <b>1.443</b> |

#### NOTE 26 - REVENUE

##### Non-finance revenue

|                  | 2020       | 2019        |
|------------------|------------|-------------|
| Domestic revenue | 95.152.987 | 107.390.157 |
| Foreign revenue  | 47.382.899 | 45.516.797  |

| Revenue           | 142.535.886 | 152.906.954 |
|-------------------|-------------|-------------|
| Sales of goods    | 137.900.950 | 147.665.836 |
| Sales of services | 4.634.936   | 5.241.118   |

| Revenue | 142.535.886 | 152.906.954 |
|---------|-------------|-------------|
|---------|-------------|-------------|

The Group has accounted for non-finance revenue amounting to TL141.829.624 thousand (2019: TL151.912.587 thousand) related to performance obligation at a point in time and TL706.262 thousand non-finance revenue (2019: TL994.367 thousand) related to performance obligation over time.

##### Revenue from finance sector operations

|                            | 2020       | 2019    |
|----------------------------|------------|---------|
| Interest income            | 32.367.348 | 575.861 |
| Fee and commissions income | 6.452.744  | 13.512  |
| Other operating income     | 2.421.298  | 19.680  |

| Revenue from finance sector operations | 41.241.390 | 609.053 |
|--|------------|---------|
|--|------------|---------|

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#### NOTE 27 - EXPENSES BY NATURE

Expenses by nature include cost of goods sold, marketing expenses, general administrative expenses and research and development expenses.

|   | 2020               | 2019               |
|---|--------------------|--------------------|
| Raw materials and supplies                        | 87.253.297         | 107.448.989        |
| Changes in work in progress and finished goods    | (1.036.816)        | (776.273)          |
| Cost of merchandise sold                          | 22.350.581         | 13.432.902         |
| Personnel expenses                                | 12.108.854         | 7.495.480          |
| Depreciation and amortisation charges             | 4.063.559          | 2.765.255          |
| Transportation, distribution and storage expenses | 3.523.619          | 2.804.412          |
| Energy and utility expenses                       | 2.645.132          | 3.031.492          |
| Warranty and assembly costs                       | 1.831.815          | 1.363.956          |
| Advertisement and promotion expenses              | 1.398.157          | 1.287.371          |
| Maintenance and repair expenses                   | 1.208.751          | 1.269.121          |
| Outsourcing expenses                              | 922.544            | 755.689            |
| Information systems and communication expenses    | 838.031            | 305.485            |
| Rent expenses <sup>(*)</sup>                      | 674.959            | 1.017.233          |
| Litigation and consultancy expenses               | 607.877            | 240.378            |
| Insurance expenses                                | 573.668            | 439.915            |
| Taxes, duties and charges                         | 538.884            | 350.850            |
| SDIF expenses                                     | 476.990            | -                  |
| Sales, incentives and premium expenses            | 320.877            | 252.088            |
| Travel expenses                                   | 231.431            | 250.067            |
| Royalty and license expenses                      | 184.878            | 104.436            |
| Grants and donations                              | 137.375            | 52.236             |
| Other   | 2.082.275          | 1.313.985          |
|   | <b>142.936.738</b> | <b>145.205.067</b> |

(\*) In 2020, TL568.134 thousand (2019: TL894.570 thousand) of the rent expenses is related to variable leases, TL76.553 thousand (2019: TL100.170 thousand) is related to short-term leases and TL30.272 thousand (2019: TL22.493 thousand) is related to low-value leases.

The functional breakdowns of depreciation, amortisation and personnel expenses are as follows:

|  | 2020             | 2019             |
|--|------------------|------------------|
| <b>Depreciation and amortisation charges</b> |                  |                  |
| Cost of sales                                | 1.905.453        | 1.761.317        |
| Marketing expenses                           | 546.631          | 395.971          |
| General administrative expenses              | 1.329.137        | 394.560          |
| Research and development expenses            | 282.338          | 213.407          |
|  | <b>4.063.559</b> | <b>2.765.255</b> |

Total depreciation charges capitalised in 2020 amounted to TL57.061 thousand (2019: TL23.314 thousand).

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#### NOTE 27 - EXPENSES BY NATURE (Continued)

|                                   | 2020              | 2019             |
|-----------------------------------|-------------------|------------------|
| <b>Personnel expenses</b>         |                   |                  |
| Cost of sales                     | 3.569.347         | 3.036.461        |
| Marketing expenses                | 1.882.332         | 1.653.172        |
| General administrative expenses   | 6.546.361         | 2.720.562        |
| Research and development expenses | 110.814           | 85.285           |
|                                   | <b>12.108.854</b> | <b>7.495.480</b> |

#### Cost of finance sector operations

|                                     | 2020       | 2019    |
|-------------------------------------|------------|---------|
| Interest expenses                   | 17.364.626 | 368.989 |
| Fee, commissions and other expenses | 2.146.375  | 10.855  |

|  |                   |                |
|--|-------------------|----------------|
| <b>Cost of finance sector operations</b> | <b>19.511.001</b> | <b>379.844</b> |
|--|-------------------|----------------|

#### NOTE 28 - OTHER OPERATING INCOME/(EXPENSES)

|  | 2020             | 2019             |
|--|------------------|------------------|
| <b>Other operating income</b>                          |                  |                  |
| Foreign exchange gains arising from trading activities | 3.369.022        | 2.091.173        |
| Credit finance income arising from trading activities  | 617.502          | 1.087.723        |
| Income from claims and grants (*)                      | 409.201          | 86.594           |
| Reversals of provisions                                | 65.548           | 66.748           |
| Other  | 417.202          | 293.772          |
|  | <b>4.878.475</b> | <b>3.626.010</b> |

(\*) Upon European Commission's decision to apply penalty to a group of CRT producers due to violation of competition, Arçelik, a Subsidiary of the Group, has filed a lawsuit against related suppliers for the compensation of the losses incurred. Total compensation income of TL284 million was obtained from related CRT suppliers through the settlement process pursued in the course of the lawsuit.

|   | 2020                | 2019               |
|---|---------------------|--------------------|
| <b>Other operating expenses</b>                         |                     |                    |
| Expected credit losses for loans and receivables        | (8.128.253)         | (153.824)          |
| Foreign exchange losses arising from trading activities | (3.071.439)         | (2.544.808)        |
| Credit finance charges arising from trading activities  | (667.990)           | (1.101.015)        |
| Provisions for lawsuits and penalties                   | (380.789)           | (122.633)          |
| Other   | (94.297)            | (164.099)          |
|   | <b>(12.342.768)</b> | <b>(4.086.379)</b> |



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#### NOTE 29 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

|   | 2020             | 2019            |
|---|------------------|-----------------|
| <b>Gains from investment activities</b>   |                  |                 |
| Income arising from the change of control (Note 3)  | 2.995.339        | -               |
| Termination fee income <sup>(1)</sup>   | 511.275          | -               |
| Gain on sale of property, plant and equipment and scraps <sup>(2)</sup>                                     | 199.858          | 74.648          |
| Rent income   | 57.264           | 57.949          |
| Gain on bargain purchase  | -                | 627             |
|   | <b>3.763.736</b> | <b>133.224</b>  |
| <b>Losses from investment activities</b>  |                  |                 |
| Provision for impairment on property, plant and equipment and other intangible assets (Note 14 and Note 15) | (97.279)         | -               |
| Loss on sale of property, plant and equipment   | (42.896)         | (29.144)        |
| Provision for impairment on assets held for sale <sup>(3)</sup>   | (26.638)         | -               |
| Provision for impairment on subsidiaries  | (22.756)         | -               |
| Loss on sale of a subsidiary  | -                | (4.320)         |
|   | <b>(189.569)</b> | <b>(33.464)</b> |

(1) Includes the termination fee paid by UniCredit S.P.A to Koç Holding and its Subsidiaries included in the scope of consolidation and having ownership interests in KFS, upon the termination of the shareholders agreement, which was executed among Koç Holding, UniCredit S.P.A and other parties in 2002, in line with the strategic goals of UniCredit S.P.A. (Note 3).

(2) Includes TL84,5 million of property sales gain of Tat Gıda, a Subsidiary of the Group, regarding to its pasta and bakery products business.

(3) Related to the provision for impairment on assets of Arçelik, a Subsidiary of the Group, which were transferred from property, plant and equipment to assets held for sale. The sale of related property, plant and equipment has been completed as of the balance sheet date.

#### NOTE 30 - FINANCIAL INCOME/(EXPENSES)

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>Financial income</b>                |                     |                     |
| Foreign exchange gains <sup>(1)</sup>  | 13.024.563          | 6.469.830           |
| Interest income                        | 962.548             | 2.133.339           |
| Gains on derivative instruments        | 2.356.581           | 2.267.438           |
| Fair value gains on financial assets   | -                   | 161.764             |
| Other financial income                 | 20.353              | 7.625               |
|  | <b>16.364.045</b>   | <b>11.039.996</b>   |
| <b>Financial expenses</b>              |                     |                     |
| Foreign exchange losses <sup>(1)</sup> | (14.113.583)        | (7.659.735)         |
| Interest expenses <sup>(2)</sup>       | (4.851.363)         | (5.644.034)         |
| Losses on derivative instruments       | (3.866.350)         | (2.529.985)         |
| Other financial expenses               | (99.031)            | (132.453)           |
|  | <b>(22.930.327)</b> | <b>(15.966.207)</b> |

(1) Foreign exchange income/(expenses) arising from trading activities (trade receivables and payables) are accounted for under "other operating income/(expenses)".

(2) TL158.809 thousand of interest expense is related to lease liabilities in 2020 (2019: TL163.965).

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### NOTE 31 - RELATED PARTY DISCLOSURES

#### a) Related party balances

|                           | 31 December 2020 |           |            | 31 December 2019 |         |            |
|---------------------------|------------------|-----------|------------|------------------|---------|------------|
|                           | Joint Ventures   | Other     | Total      | Joint Ventures   | Other   | Total      |
| Trade receivables         | 1.082.960        | 156.568   | 1.239.528  | 1.517.388        | 79.024  | 1.596.412  |
| Trade payables            | 2.482.663        | 155.724   | 2.638.387  | 1.039.202        | 79.700  | 1.118.902  |
| Loans and advances given  | 1.852.765        | 602.977   | 2.455.742  | -                | -       | -          |
| Deposits                  | 4.387.722        | 9.568.162 | 13.955.884 | -                | -       | -          |
| Borrowings                | -                | 127.688   | 127.688    | 566.226          | 146.963 | 713.189    |
| Cash and cash equivalents | -                | -         | -          | 15.567.635       | -       | 15.567.635 |
| Financial assets          | -                | -         | -          | 1.425.357        | -       | 1.425.357  |

#### b) Related party transactions

|                                 | 2020           |          |            | 2019           |          |            |
|---------------------------------|----------------|----------|------------|----------------|----------|------------|
|                                 | Joint Ventures | Other    | Total      | Joint Ventures | Other    | Total      |
| Sales of goods and services     | 15.761.882     | 288.031  | 16.049.913 | 22.737.386     | 294.220  | 23.031.606 |
| Purchases of goods and services | 10.937.876     | 656.539  | 11.594.415 | 5.400.138      | 488.352  | 5.888.490  |
| Interest income                 | -              | -        | -          | 1.227.925      | -        | 1.227.925  |
| Interest expense (-)            | -              | (31.078) | (31.078)   | (88.438)       | (26.774) | (115.212)  |

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 2020, TL273.932 thousand (31 December 2019: TL903.238 thousand) of trade receivables is composed of Tüpraş balances against Opet and THY Opet, TL259.790 thousand (31 December 2019: TL195.619 thousand) of trade receivables is composed of balances of Zer Ticaret and TL148.675 thousand (31 December 2019: TL101.708 thousand) 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. TL2.201.432 thousand (31 December 2019: TL829.656 thousand) of trade payables is composed of balances due to vehicle purchases of Otokoç from Ford Otosan and Tofaş, and TL198.207 thousand (31 December 2019: TL98.455 thousand) 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.

TL12.233.684 thousand (31 December 2019: TL19.349.651 thousand) 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 2020. TL9.280.322 thousand (31 December 2019: TL3.987.212 thousand) of purchases of goods and services is composed of balances due to Otokoç's vehicle purchases from Ford Otosan and Tofaş, and TL714.128 thousand (31 December 2019: TL463.123 thousand) 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 2020 amounted to TL313.334 thousand (31 December 2019: TL296.159 thousand). The entire amount is comprised of short-term employee benefits (31 December 2019: TL48.400 thousand of the respective amount is related to the payments made for employee leaves and the remaining portion is comprised of short-term employee benefits).

After charging the costs to Koç Group companies to whom services are provided, the cost incurred by Koç Holding A.Ş. amounted to TL132.359 thousand (31 December 2019: TL134.143 thousand. TL19.034 thousand of this amount for 2019 is related to the payments made for employee leaves).

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#### NOTE 32 - 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 2020           |  |                                       |  |
|--------------------|----------------------------|--|---------------------------------------|--|
|                    | 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%                     | 2.293.643  | 27.087.917                            | -  |
| Tüpraş             | 56,30%                     | (1.311.779)  | 2.864.818                             | 5.606                                      |
| Arçelik            | 59,44%                     | 1.649.960  | 8.221.973                             | 27.086                                     |
| Aygaz              | 59,32%                     | 100.655  | 834.138                               | 88.973                                     |

| Subsidiary | 31 December 2019           |  |                                       |  |
|------------|----------------------------|--|---------------------------------------|--|
|            | Non-controlling interest % | Gains/(losses) attributable to non-controlling interests | Accumulated non-controlling interests | Dividend paid to non-controlling interests |
| Tüpraş     | 56,30%                     | 213.658  | 4.228.491                             | 1.858.987                                  |
| Arçelik    | 59,49%                     | 523.530  | 5.786.274                             | -  |
| Aygaz      | 59,32%                     | 310.496  | 910.174                               | 228.958                                    |

Condensed financial information of Subsidiaries after consolidation adjustments and before eliminations is as follows:

#### Condensed balance sheet information:

|  | 31 December 2020   |                   |                   |                  |
|--|--------------------|-------------------|-------------------|------------------|
|  | Yapı Kredi Bankası | Tüpraş            | Arçelik           | Aygaz            |
| Cash and cash equivalents                  | 75.695.905         | 19.825.292        | 12.002.246        | 960.648          |
| Receivables from finance sector operations | 294.009.992        | -                 | -                 | -                |
| Other current assets                       | 29.104.585         | 10.886.150        | 21.058.602        | 1.232.998        |
| Deferred tax assets                        | 3.112.258          | 5.664.300         | 833.284           | 912              |
| Other non-current assets                   | 87.587.561         | 18.071.770        | 12.307.687        | 2.276.775        |
| <b>Total assets</b>                        | <b>489.510.301</b> | <b>54.447.512</b> | <b>46.201.819</b> | <b>4.471.333</b> |
| Short-term borrowings                      | 46.876.820         | 8.541.740         | 10.230.876        | 567.173          |
| Payables to finance sector operations      | 292.440.537        | -                 | -                 | -                |
| Other current liabilities                  | 26.207.096         | 19.826.225        | 13.595.977        | 1.285.312        |
| Long-term borrowings                       | 64.872.529         | 20.743.323        | 6.844.348         | 997.017          |
| Other non-current liabilities              | 10.312.796         | 423.651           | 1.837.487         | 215.558          |
| <b>Total liabilities</b>                   | <b>440.709.778</b> | <b>49.534.939</b> | <b>32.508.688</b> | <b>3.065.060</b> |
| <b>Total equity</b>                        | <b>48.800.523</b>  | <b>4.912.573</b>  | <b>13.693.131</b> | <b>1.406.273</b> |

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**NOTE 32 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)**

|                               | 31 December 2019  |                   |                  |
|-------------------------------|-------------------|-------------------|------------------|
|                               | Tüpraş            | Arçelik           | Aygaz            |
| Cash and cash equivalents     | 10.652.009        | 6.937.060         | 665.391          |
| Other current assets          | 17.266.946        | 16.245.586        | 923.725          |
| Deferred tax assets           | 4.314.155         | 1.012.290         | 393              |
| Other non-current assets      | 17.517.111        | 10.296.435        | 2.409.879        |
| <b>Total assets</b>           | <b>49.750.221</b> | <b>34.491.371</b> | <b>3.999.388</b> |
| Short-term borrowings         | 5.177.702         | 6.151.755         | 483.337          |
| Other current liabilities     | 22.942.564        | 8.531.898         | 1.011.700        |
| Long-term borrowings          | 13.898.092        | 8.803.381         | 764.426          |
| Other non-current liabilities | 356.660           | 1.385.141         | 205.462          |
| <b>Total liabilities</b>      | <b>42.375.018</b> | <b>24.872.175</b> | <b>2.464.925</b> |
| <b>Total equity</b>           | <b>7.375.203</b>  | <b>9.619.196</b>  | <b>1.534.463</b> |

**Condensed income statement information:**

|                               | Yapı Kredi Bankası (*) | 2020        |             |            |
|-------------------------------|------------------------|-------------|-------------|------------|
|                               |                        | Tüpraş      | Arçelik     | Aygaz      |
| Revenue                       | 41.040.244             | 63.243.815  | 40.872.483  | 10.144.743 |
| Depreciation and amortisation | 876.033                | 813.594     | 1.221.648   | 153.751    |
| Operating profit              | 5.502.257              | (687.109)   | 4.821.431   | 278.410    |
| Net financial expense         | -                      | (3.148.557) | (1.571.478) | (148.368)  |
| Profit before tax             | 5.602.669              | (3.760.104) | 3.365.001   | 225.133    |
| Net profit for the period     | 4.132.145              | (2.384.558) | 2.752.327   | 169.695    |

|                               | 2019        |             |            |
|-------------------------------|-------------|-------------|------------|
|                               | Tüpraş      | Arçelik     | Aygaz      |
| Revenue                       | 89.600.776  | 31.941.773  | 10.211.013 |
| Depreciation and amortisation | 775.095     | 1.054.934   | 127.068    |
| Operating profit              | 2.153.506   | 2.625.497   | 359.749    |
| Net financial expense         | (2.738.726) | (1.558.113) | (206.676)  |
| Profit before tax             | (578.556)   | 1.017.275   | 555.545    |
| Net profit for the period     | 333.298     | 860.842     | 523.466    |

(\*) Yapı Kredi Bankası has been accounted for using the equity method in the consolidated financial statements until the change of control/closing date (Note 3), and therefore related amounts include Company's profit/(loss) balances regarding the period which the Company is subject to full consolidation.

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#### NOTE 33 - GOVERNMENT GRANTS

The Group is entitled to the following incentives and rights:

- a) 100% exemption from customs duty on machinery and equipment imported,
- b) Exemption from VAT on investment goods supplied from home and abroad,
- c) Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
- d) Inward processing permission certificates,
- e) Cash refund from Tübitak-Teydeb for research and development expenditures,
- f) Exemption from taxes, duties and charges,
- g) Discounted corporate tax incentive,
- h) Insurance premium employer share incentive,
- i) Corporate tax incentive within the scope of investment incentive exemption (Note 19),
- j) Brand supporting government grants given by the Ministry of Economy of Turkey (Turquality),
- k) Patent incentives.

#### NOTE 34 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

##### Guarantees given:

##### Finance:

##### **Non-cash loans:**

|                              | 31 December 2020   | 31 December 2019 |
|------------------------------|--------------------|------------------|
| Letters of guarantee         | 81.314.767         | -                |
| - TL                         | 31.993.113         | -                |
| - Foreign currency           | 49.321.654         | -                |
| Letter of credits            | 9.340.321          | -                |
| Acceptance credits           | 238.025            | -                |
| Other                        | 9.982.292          | -                |
|                              | <b>100.875.405</b> | <b>-</b>         |
| Less: Provisions (Note 21.b) | (1.062.888)        | -                |
|                              | <b>99.812.517</b>  | <b>-</b>         |

##### Non-Finance:

|                           | 31 December 2020  | 31 December 2019  |
|---------------------------|-------------------|-------------------|
| Letters of guarantee      | 8.566.966         | 7.715.024         |
| Letters of credit         | 3.953.337         | 2.496.440         |
| Guarantees given to banks | 1.113.948         | 1.405.564         |
| Other                     | 50                | 19.063            |
|                           | <b>13.634.301</b> | <b>11.636.091</b> |



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#### NOTE 34 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals/pledges/mortgages/bill of guarantees ("CPMB") of Subsidiaries of the Group as of 31 December 2020 and 2019 are as follows (foreign currency CPMBs are presented by their TL equivalents):

|   | 31 December 2020   | 31 December 2019  |
|---|--------------------|-------------------|
| A. Total amount of CPMB's given in the name of its own legal personality                                  | 10.383.712         | 8.239.205         |
| - TL  | 3.968.860          | 3.923.871         |
| - USD   | 5.417.499          | 3.629.657         |
| - EUR   | 839.855            | 644.771           |
| - Other   | 157.498            | 40.906            |
| B. Total amount of CPMB's given on behalf of the fully consolidated companies <sup>(1)</sup>              | 3.250.589          | 3.396.886         |
| - TL  | 134.422            | 54.402            |
| - USD   | 987.448            | 1.326.519         |
| - EUR   | 1.207.093          | 859.518           |
| - Other   | 921.626            | 1.156.447         |
| C. Total amount of CPMB's given on behalf of third parties for ordinary course of business <sup>(2)</sup> | 100.875.405        | -                 |
| - TL  | 32.512.148         | -                 |
| - USD   | 27.889.758         | -                 |
| - EUR   | 35.840.641         | -                 |
| - Other   | 4.632.858          | -                 |
| 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                  | -                  | -                 |
|   | <b>114.509.706</b> | <b>11.636.091</b> |

(1) As of 31 December 2020, 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 TL9.558 thousand (31 December 2019: TL8.455 thousand).

(2) Related amount consists of 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 2020, 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 TL29.672.528 thousand 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 2020, financial assets amounting to TL21.435.802 thousand 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.

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#### NOTE 34 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### Guarantees received:

##### Non-Finance:

|                        | 31 December 2020  | 31 December 2019 |
|------------------------|-------------------|------------------|
| Letters of guarantee   | 5.365.051         | 4.065.567        |
| Mortgages              | 2.780.688         | 2.729.704        |
| Direct crediting limit | 1.174.041         | 1.094.203        |
| Bill of guarantees     | 281.616           | 267.366          |
| Guarantee notes        | 65.321            | 57.936           |
| Other                  | 1.311.980         | 1.019.413        |
|                        | <b>10.978.697</b> | <b>9.234.189</b> |

#### NOTE 35 - 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, commodity price risk and product profit margin/crack margin 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, industrial 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, collaterals are taken considering the financial status of the customer and the type of loan requested. Liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analysed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with the treasury management.

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### NOTE 35 - 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 2020   | Trade receivables | Receivables from finance sector operations | Cash and cash equivalents | Financial assets  | Derivative instruments |
|--|-------------------|--|---------------------------|-------------------|------------------------|
| <b>Maximum exposure to credit risk as of reporting date (A+B+C+D)</b>          | <b>21.000.573</b> | <b>295.233.101</b>                         | <b>54.297.881</b>         | <b>78.301.623</b> | <b>6.219.142</b>       |
| A. Book value of neither past due nor impaired financial assets <sup>(1)</sup> | 19.098.364        | 297.534.818                                | 54.297.881                | 78.301.623        | 6.219.142              |
| B. Book value of past due but not impaired financial assets                    | 1.838.173         | 2.860.665                                  | -                         | -                 | -                      |
| C. Net book value of impaired assets   | 87.210            | 5.977.353                                  | -                         | -                 | -                      |
| - Past due   | 87.210            | 5.977.353                                  | -                         | -                 | -                      |
| - Gross amount   | 941.014           | 19.618.014                                 | -                         | -                 | -                      |
| - Impairment   | (853.804)         | (13.640.661)                               | -                         | -                 | -                      |
| - Secured with guarantees  | 83.651            | 5.886.135                                  | -                         | -                 | -                      |
| - Not past due   | -                 | -  | -                         | -                 | -                      |
| - Gross amount   | -                 | -  | -                         | -                 | -                      |
| - Impairment   | -                 | -  | -                         | -                 | -                      |
| - Secured with guarantees  | -                 | -  | -                         | -                 | -                      |
| D. Expected credit losses (-) <sup>(2)</sup>                                   | (23.174)          | (11.139.735)                               | -                         | -                 | -                      |

(1) Trade receivables and receivables from finance sector operations include related party balances amounting to TL1.239.528 thousand and TL2.455.742 thousand, 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 2020, Finance sector is exposed to credit risk arising from non-cash loans in the amount of TL100.875.405 thousand (Note 34). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL555.927.725 thousand.

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

| 31 December 2019   | Trade<br>receivables | Receivables<br>from finance<br>sector<br>operations | Cash<br>and cash<br>equivalents | Financial<br>assets | Derivative<br>instruments |
|--|----------------------|---|---------------------------------|---------------------|---------------------------|
| <b>Maximum exposure to credit risk as of reporting date<br/>(A+B+C+D)</b>      | <b>19.662.512</b>    | <b>2.307.287</b>                                    | <b>37.806.056</b>               | <b>1.425.357</b>    | <b>526.421</b>            |
| A. Book value of neither past due nor impaired financial assets <sup>(*)</sup> | 18.080.077           | 2.254.079   | 37.806.056                      | 1.425.357           | 526.421                   |
| B. Book value of past due but not impaired financial assets                    | 1.508.845            | 49.538  | -                               | -                   | -                         |
| C. Net book value of impaired assets   | 84.366               | 61.060  | -                               | -                   | -                         |
| - Past due   | 84.366               | 61.060  | -                               | -                   | -                         |
| - Gross amount   | 744.522              | 140.442   | -                               | -                   | -                         |
| - Impairment   | (660.156)            | (79.382)  | -                               | -                   | -                         |
| - Secured with guarantees  | 82.259               | 61.223  | -                               | -                   | -                         |
| - Not past due   | -                    | -   | -                               | -                   | -                         |
| - Gross amount   | -                    | -   | -                               | -                   | -                         |
| - Impairment   | -                    | -   | -                               | -                   | -                         |
| - Secured with guarantees  | -                    | -   | -                               | -                   | -                         |
| D. Expected credit losses (-)  | (10.776)             | (57.390)  | -                               | -                   | -                         |

(\*) Trade receivables includes related party balances amounting to TL1.596.412 thousand.

#### Trade receivables

a) Details of neither past due nor impaired trade receivables' credit quality:

|                                      | 2020              | 2019              |
|--------------------------------------|-------------------|-------------------|
| Customers with no payment defaults   | 15.997.890        | 13.975.901        |
| Customers with collection delays     | 1.422.708         | 1.294.676         |
| Public institutions and corporations | 1.277.934         | 2.658.134         |
| New customers (less than 3 months)   | 399.832           | 151.366           |
|                                      | <b>19.098.364</b> | <b>18.080.077</b> |

As of 31 December 2020, trade receivables that are not due and not impaired amounting to TL10.191.758 thousand are secured by guarantees (2019: TL8.409.144 thousand).

b) Analysis of past due trade receivables:

| Not impaired              | 2020             | 2019             |
|---------------------------|------------------|------------------|
| Past due up to 1 month    | 1.005.348        | 715.943          |
| Past due 1-3 months       | 209.546          | 256.588          |
| Past due 3-12 months      | 176.145          | 262.920          |
| Past due more than 1 year | 447.134          | 273.394          |
|                           | <b>1.838.173</b> | <b>1.508.845</b> |

As of 31 December 2020, past due but not impaired trade receivables amounting to TL949.162 thousand are secured by guarantees (2019: TL817.189 thousand).

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

| <i>Impaired</i>                | 2020          | 2019          |
|--------------------------------|---------------|---------------|
| Past due up to 3 months        | 114.964       | 81.252        |
| Past due 3-6 months            | 13.789        | 15.322        |
| Past due 6-12 months           | 210.701       | 155.067       |
| Past due more than 1 year      | 601.560       | 492.881       |
| Less: Provision for impairment | (853.804)     | (660.156)     |
|                                | <b>87.210</b> | <b>84.366</b> |

As of 31 December 2020, impaired receivables amounting to TL83.651 thousand are secured by guarantees (2019: TL82.259 thousand).

#### c) Expected credit losses:

| 31 December 2020                  | Not<br>past due | 0 - 1 month<br>past due | 1 - 3 months<br>past due | More than<br>3 months<br>past due | Total      |
|-----------------------------------|-----------------|-------------------------|--------------------------|-----------------------------------|------------|
| Expected loss rate (%)            | 0,02            | 0,02                    | 2,97                     | 0,73                              |            |
| Period end balance <sup>(*)</sup> | 17.858.836      | 1.048.487               | 281.371                  | 1.449.329                         | 20.638.023 |
| Expected credit losses            | 3.986           | 206                     | 8.365                    | 10.617                            | 23.174     |

| 31 December 2019                  | Not<br>past due | 0 - 1 month<br>past due | 1 - 3 months<br>past due | More than<br>3 months<br>past due | Total      |
|-----------------------------------|-----------------|-------------------------|--------------------------|-----------------------------------|------------|
| Expected loss rate (%)            | 0,03            | 0,05                    | 0,26                     | 0,42                              |            |
| Period end balance <sup>(*)</sup> | 16.483.665      | 736.578                 | 317.205                  | 1.199.584                         | 18.737.032 |
| Expected credit losses            | 4.487           | 396                     | 813                      | 5.080                             | 10.776     |

(\*) Represents gross trade receivables excluding related party balances and impairment losses.

#### Receivables from finance sector operations

a) As of 31 December 2020, the rating concentration of undue corporate and commercial loans of Yapı Kredi Bankası is as follows:

|               | Rating class | Concentration level |
|---------------|--------------|---------------------|
| Above average | 1 - 4        | 59,2%               |
| Average       | 5+ - 6       | 34,8%               |
| Below average | 7+ - 9       | 6,0%                |

b) Considering the scoring models, Yapı Kredi Bankası classifies its loan portfolio into the following groups as of 31 December 2020:

| 31 December 2020 | % of loans<br>and advances | Provision<br>coverage (%) |
|------------------|----------------------------|---------------------------|
| Stage 1          | 78,67%                     | 1,10%                     |
| Stage 2          | 15,17%                     | 17,36%                    |
| Stage 3          | 6,16%                      | 69,54%                    |



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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) The details of the receivables from finance sector operations that are past due but not impaired, which are classified as Stage 2, are as follows:

| 31 December 2020       | Corporate and<br>commercial<br>loans | Consumer<br>loans | Credit card<br>receivables | Financial<br>leasing<br>receivables | Factoring<br>receivables | Total            |
|------------------------|--------------------------------------|-------------------|----------------------------|-------------------------------------|--------------------------|------------------|
| Past due up to 1 month | 413.940                              | 450.101           | 257.846                    | 252.666                             | 885                      | 1.375.438        |
| Past due 1-3 months    | 547.624                              | 390.419           | 101.786                    | 43.061                              | 9.323                    | 1.092.213        |
| Past due 3-6 months    | 235.419                              | 126.215           | 24.440                     | 6.940                               | -                        | 393.014          |
|                        | <b>1.196.983</b>                     | <b>966.735</b>    | <b>384.072</b>             | <b>302.667</b>                      | <b>10.208</b>            | <b>2.860.665</b> |

d) Sectoral breakdown of receivables from finance sector operations is as follows:

|                        | 31 December 2020   | %          |
|------------------------|--------------------|------------|
| Public sector          | 79.171.148         | 27         |
| Production             | 77.674.255         | 26         |
| Financial institutions | 52.277.229         | 18         |
| Food and retail        | 15.820.743         | 5          |
| Real estate            | 8.208.649          | 3          |
| Consumer loans         | 2.871.890          | 1          |
| Other sectors          | 59.209.187         | 20         |
|                        | <b>295.233.101</b> | <b>100</b> |

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#### NOTE 35 - 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 2020    | 31 December 2019    |
|--|---------------------|---------------------|
| Assets   | 256.050.015         | 30.755.998          |
| Liabilities  | (318.456.873)       | (54.302.946)        |
| <b>Net balance sheet position</b>  | <b>(62.406.858)</b> | <b>(23.546.948)</b> |
| Derivative instruments net position  | 49.952.359          | 8.461.599           |
| <b>Net foreign currency position</b>   | <b>(12.454.499)</b> | <b>(15.085.349)</b> |
| Loans designated as hedging instruments <sup>(1)</sup>                           | 5.977.809           | 6.078.931           |
| <b>Net foreign currency position after hedging instruments</b>                   | <b>(6.476.690)</b>  | <b>(9.006.418)</b>  |
| Inventories under the natural hedge <sup>(2)</sup>                               | 7.532.609           | 9.326.402           |
| <b>Net foreign currency position after hedging instruments and natural hedge</b> | <b>1.055.919</b>    | <b>319.984</b>      |

(1) The loans of Tüpraş related to financing the Residuum 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 USD594 million (TL4.360 million) as of 31 December 2020 (31 December 2019: USD813 million).

Foreign exchange gains/losses related to the loans of Tüpraş are recognised under equity as "gains/losses on cash flow hedges" until the realisation of the cash flows at the hedged items.

Arçelik and Otokoç Hollanda, Subsidiaries of the Group, designated EUR154 million (TL1.386 million) and EUR25,7 million (TL232 million) of bank loans, respectively, as hedging instruments in order to hedge the foreign currency risk arising from the translation of net assets of the subsidiaries operating in Europe from EUR to Turkish Lira (31 December 2019: Arçelik: EUR154 million - Otokoç: EUR34,2 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 2020, Tüpraş and Aygaz have raw materials and petroleum products amounting to TL7.220.776 thousand (31 December 2019: TL9.129.592 thousand) and TL311.833 thousand (31 December 2019: TL196.810 thousand), respectively.

Excluding the loans designated as hedging instruments and the inventories under the natural hedge, the Group has TL1.055.919 thousand (USD144 million) foreign exchange net long position as of 31 December 2020.

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2020, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL634.674 thousand 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 TL164 million.

#### *The impact of 10% exchange increase in income statement (pre-tax profit):*

|  | USD       | EUR    | Other   | Total     |
|--|-----------|--------|---------|-----------|
| <b>31 December 2020</b>  |           |        |         |           |
| Net foreign currency position after hedging instruments <sup>(*)</sup> | (866.306) | 80.096 | 151.536 | (634.674) |

(\*) 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       |
|-----------------------------|-----------|-----------|-------|-------------|
| <b>31 December 2020</b>     |           |           |       |             |
| Hedged items <sup>(*)</sup> | (436.012) | (601.302) | -     | (1.037.314) |

(\*) 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.

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

|  | 31 December 2020   |                    |                          |                          |
|--|--------------------|--------------------|--------------------------|--------------------------|
|  | USD <sup>(1)</sup> | EUR <sup>(1)</sup> | Other<br>(TL Equivalent) | Total<br>(TL Equivalent) |
| <b>Assets:</b>   |                    |                    |                          |                          |
| Trade receivables <sup>(2)</sup>                               | 514.086            | 605.976            | 2.447.114                | 11.679.328               |
| Receivables from finance sector operations                     | 2.222.544          | 3.016.483          | 2.276.572                | 45.763.328               |
| Monetary financial assets                                      | 6.823.427          | 2.620.670          | 6.829.203                | 80.523.307               |
| Non-monetary assets  | 4.128              | 275                | 42.257                   | 75.035                   |
| Other assets   | 1.183.676          | 698.862            | 621.873                  | 15.605.938               |
| <b>Current assets</b>  | <b>10.747.861</b>  | <b>6.942.266</b>   | <b>12.217.019</b>        | <b>153.646.936</b>       |
| Receivables from finance sector operations                     | 5.131.102          | 3.741.644          | 350.904                  | 71.720.109               |
| Monetary financial assets                                      | 3.360.647          | 277.049            | 1.203.097                | 28.367.561               |
| Other assets   | 129.048            | 146.924            | 44.658                   | 2.315.409                |
| <b>Non-current assets</b>                                      | <b>8.620.797</b>   | <b>4.165.617</b>   | <b>1.598.659</b>         | <b>102.403.079</b>       |
| <b>Total assets</b>  | <b>19.368.658</b>  | <b>11.107.883</b>  | <b>13.815.678</b>        | <b>256.050.015</b>       |
| <b>Liabilities:</b>  |                    |                    |                          |                          |
| Trade payables <sup>(2)</sup>                                  | 2.374.129          | 383.228            | 416.748                  | 21.296.124               |
| Borrowings   | 2.914.644          | 1.903.242          | 69.619                   | 38.608.777               |
| Payables of finance sector operations                          | 11.577.210         | 5.931.598          | 17.573.733               | 155.987.484              |
| Other liabilities  | 232.664            | 202.809            | 57.429                   | 3.592.188                |
| <b>Short-term liabilities</b>                                  | <b>17.098.647</b>  | <b>8.420.877</b>   | <b>18.117.529</b>        | <b>219.484.573</b>       |
| Borrowings   | 11.223.844         | 1.099.563          | 91.396                   | 92.384.780               |
| Payables of finance sector operations                          | 60.721             | 290.267            | 2.888                    | 3.063.302                |
| Other liabilities  | 340.054            | 138.495            | 11.432                   | 3.524.218                |
| <b>Long-term liabilities</b>                                   | <b>11.624.619</b>  | <b>1.528.325</b>   | <b>105.716</b>           | <b>98.972.300</b>        |
| <b>Total liabilities</b>                                       | <b>28.723.266</b>  | <b>9.949.202</b>   | <b>18.223.245</b>        | <b>318.456.873</b>       |
| <b>Net balance sheet position</b>                              | <b>(9.354.608)</b> | <b>1.158.681</b>   | <b>(4.407.567)</b>       | <b>(62.406.858)</b>      |
| Derivative assets  | 10.699.723         | 1.201.646          | 9.229.030                | 98.594.654               |
| Derivative liabilities   | (3.096.008)        | (2.510.567)        | (3.301.113)              | (48.642.295)             |
| <b>Derivative instruments net position</b>                     | <b>7.603.715</b>   | <b>(1.308.921)</b> | <b>5.927.917</b>         | <b>49.952.359</b>        |
| <b>Net foreign currency position</b>                           | <b>(1.750.893)</b> | <b>(150.240)</b>   | <b>1.520.350</b>         | <b>(12.454.499)</b>      |
| Loans designated as hedging instruments <sup>(3)</sup>         | 593.982            | 179.585            | -                        | 5.977.809                |
| <b>Net foreign currency position after hedging instruments</b> | <b>(1.156.911)</b> | <b>29.345</b>      | <b>1.520.350</b>         | <b>(6.476.690)</b>       |
| Net foreign currency position of monetary items                | (1.755.021)        | (150.515)          | 1.478.093                | (12.529.534)             |
| Fair value of derivative instruments held for hedging          | (80.800)           | (10.521)           | -                        | (687.882)                |

(1) Presented in original currencies.

(2) Represents balances before consolidation eliminations.

(3) Includes loans of Tüpraş, Arçelik and Otokoç designated as hedging instruments.

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

|  | 31 December 2019   |                    |                          |                          |
|--|--------------------|--------------------|--------------------------|--------------------------|
|  | USD <sup>(1)</sup> | EUR <sup>(1)</sup> | Other<br>(TL Equivalent) | Total<br>(TL Equivalent) |
| <b>Assets:</b>   |                    |                    |                          |                          |
| Trade receivables <sup>(2)</sup>                               | 413.039            | 626.103            | 1.859.264                | 8.476.762                |
| Monetary financial assets                                      | 2.612.522          | 357.037            | 2.110.555                | 20.003.967               |
| Non-monetary assets  | 1.140              | 539                | 16.526                   | 26.884                   |
| Other assets   | 49.998             | 19.508             | 5.034                    | 431.778                  |
| <b>Current assets</b>  | <b>3.076.699</b>   | <b>1.003.187</b>   | <b>3.991.379</b>         | <b>28.939.391</b>        |
| Monetary financial assets                                      | 239.962            | 4.337              | -                        | 1.454.266                |
| Other assets   | 4.473              | 50.158             | 2.189                    | 362.341                  |
| <b>Non-current assets</b>                                      | <b>244.435</b>     | <b>54.495</b>      | <b>2.189</b>             | <b>1.816.607</b>         |
| <b>Total assets</b>  | <b>3.321.134</b>   | <b>1.057.682</b>   | <b>3.993.568</b>         | <b>30.755.998</b>        |
| <b>Liabilities:</b>  |                    |                    |                          |                          |
| Trade payables <sup>(2)</sup>                                  | 2.504.105          | 379.347            | 175.061                  | 17.572.832               |
| Borrowings   | 1.413.795          | 233.594            | 2.201                    | 9.953.965                |
| Other liabilities  | 135.097            | 23.832             | 47.765                   | 1.008.769                |
| <b>Short-term liabilities</b>                                  | <b>4.052.997</b>   | <b>636.773</b>     | <b>225.027</b>           | <b>28.535.566</b>        |
| Borrowings   | 3.649.599          | 584.064            | 7.300                    | 25.571.029               |
| Other liabilities  | 33.016             | 34                 | -                        | 196.351                  |
| <b>Long-term liabilities</b>                                   | <b>3.682.615</b>   | <b>584.098</b>     | <b>7.300</b>             | <b>25.767.380</b>        |
| <b>Total liabilities</b>                                       | <b>7.735.612</b>   | <b>1.220.871</b>   | <b>232.327</b>           | <b>54.302.946</b>        |
| <b>Net balance sheet position</b>                              | <b>(4.414.478)</b> | <b>(163.189)</b>   | <b>3.761.241</b>         | <b>(23.546.948)</b>      |
| Derivative assets  | 2.537.722          | 299.345            | 80.381                   | 17.145.781               |
| Derivative liabilities   | (400.946)          | (364.304)          | (3.879.643)              | (8.684.182)              |
| <b>Derivative instruments net position</b>                     | <b>2.136.776</b>   | <b>(64.959)</b>    | <b>(3.799.262)</b>       | <b>8.461.599</b>         |
| <b>Net foreign currency position</b>                           | <b>(2.277.702)</b> | <b>(228.148)</b>   | <b>(38.021)</b>          | <b>(15.085.349)</b>      |
| Loans designated as hedging instruments <sup>(3)</sup>         | 812.776            | 188.085            | -                        | 6.078.931                |
| <b>Net foreign currency position after hedging instruments</b> | <b>(1.464.926)</b> | <b>(40.063)</b>    | <b>(38.021)</b>          | <b>(9.006.418)</b>       |
| Net foreign currency position of monetary items                | (2.278.842)        | (228.687)          | (54.547)                 | (15.112.233)             |
| Fair value of derivative instruments held for hedging          | 21.563             | 11.774             | -                        | 206.392                  |

(1) Presented in original currencies.

(2) Represents balances before consolidation eliminations.

(3) Includes loans of Tüpraş, Arçelik and Otokaç designated as hedging instruments.



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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

##### Export and import details (TL Equivalent)

Group's consolidated export and import balances are as follows:

| Export        | 2020              | 2019              |
|---------------|-------------------|-------------------|
| USD           | 19.825.669        | 24.908.152        |
| EUR           | 9.751.440         | 9.142.145         |
| Other         | 4.354.691         | 3.810.956         |
|               | <b>33.931.800</b> | <b>37.861.253</b> |
| <b>Import</b> |                   |                   |
| USD           | 59.233.120        | 79.791.622        |
| EUR           | 3.637.497         | 3.233.699         |
| Other         | 37.278            | 20.833            |
|               | <b>62.907.895</b> | <b>83.046.154</b> |

##### 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 and 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 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.

The weighted average effective annual interest rates (%) for the consolidated financial assets and liabilities outstanding as of 31 December 2020 and 2019 are as follows:

|   | 31 December 2020 |      |       | 31 December 2019 |      |       |
|---|------------------|------|-------|------------------|------|-------|
|   | USD              | EUR  | TL    | USD              | EUR  | TL    |
| <b>Assets</b>   |                  |      |       |                  |      |       |
| Cash and cash equivalents                                   | 1,81             | 0,54 | 17,44 | 3,18             | 0,33 | 20,96 |
| Financial assets  |                  |      |       |                  |      |       |
| - Measured at fair value through profit or loss             | 6,17             | 3,54 | 15,59 | -                | -    | -     |
| - Measured at fair value through other comprehensive income | 5,64             | 3,26 | 15,72 | -                | -    | -     |
| - Measured at amortised cost                                | 6,42             | 1,74 | 15,92 | -                | -    | -     |
| Receivables from finance sector operations                  | 6,09             | 4,45 | 15,11 | 7,80             | 7,47 | 19,77 |
| <b>Liabilities</b>  |                  |      |       |                  |      |       |
| Borrowings  | 3,54             | 2,43 | 11,89 | 4,77             | 2,84 | 18,76 |
| Payables of finance sector operations                       | 1,50             | 0,87 | 15,95 | -                | -    | -     |

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Consolidated financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

| 31 December 2020  | Up to<br>3 months         | 3 months -<br>1 year         | 1 year -<br>5 years         | 5 years<br>and over         | Non-<br>interest<br>bearing          | Total              |
|---|---------------------------|------------------------------|-----------------------------|-----------------------------|--------------------------------------|--------------------|
| <b>Assets</b>   |                           |                              |                             |                             |                                      |                    |
| Cash and cash equivalents                                   | 39.221.831                | 1.637.032                    | -                           | -                           | 19.501.938                           | 60.360.801         |
| Balances with the CBRT                                      | 28.859.367                | -                            | -                           | -                           | 20.112.905                           | 48.972.272         |
| Financial assets  |                           |                              |                             |                             |                                      |                    |
| - Measured at fair value through profit or loss             | 1.214                     | 737                          | 60.955                      | 212.848                     | 531.386                              | 807.140            |
| - Measured at fair value through other comprehensive income | 9.235.370                 | 8.600.443                    | 5.169.968                   | 2.015.706                   | 457.199                              | 25.478.686         |
| - Measured at amortised cost                                | 20.254.650                | 8.203.299                    | 6.837.645                   | 17.716.935                  | -                                    | 53.012.529         |
| Receivables from finance sector operations                  | 80.004.059                | 101.901.836                  | 96.883.477                  | 16.405.302                  | 38.427                               | 295.233.101        |
|   | <b>177.576.491</b>        | <b>120.343.347</b>           | <b>108.952.045</b>          | <b>36.350.791</b>           | <b>40.641.855</b>                    | <b>483.864.529</b> |
| <b>Liabilities</b>  |                           |                              |                             |                             |                                      |                    |
| Borrowings  | 93.346.051                | 40.715.479                   | 41.913.848                  | 3.683.952                   | 2.147.914                            | 181.807.244        |
| Payables of finance sector operations                       | 174.459.436               | 9.630.715                    | 2.839.072                   | 230.816                     | 90.010.900                           | 277.170.939        |
|   | <b>267.805.487</b>        | <b>50.346.194</b>            | <b>44.752.920</b>           | <b>3.914.768</b>            | <b>92.158.814</b>                    | <b>458.978.183</b> |
| <b>31 December 2019</b>                                     | <b>Up to<br/>3 months</b> | <b>3 months -<br/>1 year</b> | <b>1 year -<br/>5 years</b> | <b>5 years<br/>and over</b> | <b>Non-<br/>interest<br/>bearing</b> | <b>Total</b>       |
| <b>Assets</b>   |                           |                              |                             |                             |                                      |                    |
| Cash and cash equivalents                                   | 36.850.169                | 95.053                       | -                           | -                           | 871.138                              | 37.816.360         |
| Financial assets  |                           |                              |                             |                             |                                      |                    |
| - Measured at fair value through profit or loss             | -                         | -                            | 1.425.357                   | -                           | 79.660                               | 1.505.017          |
| - Measured at fair value through other comprehensive income | -                         | -                            | -                           | -                           | 74.925                               | 74.925             |
| Receivables from finance sector operations                  | 473.762                   | 898.054                      | 934.520                     | 951                         | -                                    | 2.307.287          |
|   | <b>37.323.931</b>         | <b>993.107</b>               | <b>2.359.877</b>            | <b>951</b>                  | <b>1.025.723</b>                     | <b>41.703.589</b>  |
| <b>Liabilities</b>  |                           |                              |                             |                             |                                      |                    |
| Borrowings  | 11.373.577                | 14.667.083                   | 26.759.383                  | 7.283.016                   | 213.032                              | 60.296.091         |
|   | <b>11.373.577</b>         | <b>14.667.083</b>            | <b>26.759.383</b>           | <b>7.283.016</b>            | <b>213.032</b>                       | <b>60.296.091</b>  |

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

##### Sensitivity to interest rate risk

The sensitivity analysis of Yapı Kredi Bankası, a Subsidiary of the Group operating in the finance sector, regarding the fluctuations in interest rates was carried out for all interest-bearing assets and liabilities. 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 TL540 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 TL600 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 TL190 million for the subsidiaries of the Group operating in non-finance sectors. 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 one year period.

The interest rate position is as follows:

|   | 31 December 2020   | 31 December 2019  |
|---|--------------------|-------------------|
| <b>Fixed interest rate financial instruments</b>            |                    |                   |
| <b>Assets</b>   |                    |                   |
| Cash and cash equivalents                                   | 37.885.630         | 35.606.193        |
| Balances with the CBRT                                      | 28.337.458         | -                 |
| Financial assets  |                    |                   |
| - Measured at fair value through profit or loss             | 275.754            | 1.425.357         |
| - Measured at fair value through other comprehensive income | 9.839.156          | -                 |
| - Measured at amortised cost                                | 23.206.047         | -                 |
| Receivables from finance sector operations                  | 223.343.061        | 2.307.287         |
|   | <b>322.887.106</b> | <b>39.338.837</b> |
| <b>Liabilities</b>  |                    |                   |
| Borrowings  | 113.208.221        | 49.090.598        |
| Payables of finance sector operations                       | 187.142.190        | -                 |
|   | <b>300.350.411</b> | <b>49.090.598</b> |
| <b>Floating interest rate financial instruments</b>         |                    |                   |
| <b>Assets</b>   |                    |                   |
| Cash and cash equivalents                                   | 2.973.233          | 1.339.029         |
| Balances with the CBRT                                      | 521.909            | -                 |
| Financial assets  |                    |                   |
| - Measured at fair value through other comprehensive income | 15.182.331         | -                 |
| - Measured at amortised cost                                | 29.806.482         | -                 |
| Receivables from finance sector operations                  | 71.851.613         | -                 |
|   | <b>120.335.568</b> | <b>1.339.029</b>  |
| <b>Liabilities</b>  |                    |                   |
| Borrowings  | 66.451.109         | 10.992.461        |
| Payables of finance sector operations                       | 17.849             | -                 |
|   | <b>66.468.958</b>  | <b>10.992.461</b> |

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#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

##### 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.

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 2020 and 2019 are as follows:

|   | Carrying<br>value | Total<br>contractual<br>cash outflow | Demand<br>or up to<br>3 months | 3 months -<br>1 year | 1 - 5 years  | 5 years<br>and over |
|---|-------------------|--------------------------------------|--------------------------------|----------------------|--------------|---------------------|
| <b>31 December 2020</b>                                       |                   |                                      |                                |                      |              |                     |
| <b>Financial liabilities</b>                                  |                   |                                      |                                |                      |              |                     |
| Borrowings  | 181.807.244       | 198.353.535                          | 21.285.347                     | 51.806.931           | 107.527.376  | 17.733.881          |
| <i>Borrowings, debt instruments and factoring liabilities</i> | 179.155.828       | 194.631.290                          | 21.065.640                     | 51.170.817           | 105.680.485  | 16.714.348          |
| <i>Lease liabilities</i>                                      | 2.651.416         | 3.722.245                            | 219.707                        | 636.114              | 1.846.891    | 1.019.533           |
| Trade payables  | 29.039.594        | 30.726.439                           | 29.618.906                     | 1.107.533            | -            | -                   |
| Payables of finance sector operations                         | 277.170.939       | 293.307.696                          | 280.951.174                    | 10.216.408           | 1.908.308    | 231.806             |
| <b>Derivative instruments<sup>(1)</sup></b>                   |                   |                                      |                                |                      |              |                     |
| Cash inflows  | 6.219.142         | 140.257.073                          | 96.212.233                     | 14.441.774           | 26.156.644   | 3.446.422           |
| Cash outflows   | (11.436.576)      | (135.569.302)                        | (94.150.959)                   | (14.656.728)         | (23.408.482) | (3.353.133)         |

# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

| 31 December 2019  | Carrying value | Total contractual cash outflow | Demand or up to 3 months | 3 months - 1 year | 1 - 5 years | 5 years and over |
|---|----------------|--------------------------------|--------------------------|-------------------|-------------|------------------|
| <b>Financial liabilities</b>                                  |                |                                |                          |                   |             |                  |
| Borrowings  | 60.296.091     | 68.598.703                     | 6.246.804                | 12.454.215        | 38.299.925  | 11.597.759       |
| <i>Borrowings, debt instruments and factoring liabilities</i> | 58.893.378     | 66.798.310                     | 6.166.820                | 12.185.558        | 37.488.039  | 10.957.893       |
| <i>Lease liabilities</i>                                      | 1.402.713      | 1.800.393                      | 79.984                   | 268.657           | 811.886     | 639.866          |
| Trade payables  | 26.727.432     | 27.061.616                     | 26.798.032               | 263.584           | -           | -                |
| <b>Derivative instruments (*)</b>                             |                |                                |                          |                   |             |                  |
| Cash inflows  | 526.421        | 18.914.730                     | 12.652.800               | 3.233.997         | 3.024.926   | 3.007            |
| Cash outflows   | (266.898)      | (18.698.515)                   | (12.602.236)             | (3.273.310)       | (2.819.352) | (3.617)          |

(\*) 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 34) of Yapı Kredi Bankası, a Subsidiary of the Group, by original maturity is as follows:

| 31 December 2020     | Indefinite        | Up to 1 year      | 1-5 years         | 5 years and over  | Total              |
|----------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Letters of guarantee | 26.614.701        | 14.479.227        | 31.990.476        | 8.230.363         | 81.314.767         |
| Letter of credits    | -                 | 6.278.175         | 2.854.544         | 207.602           | 9.340.321          |
| Acceptance credits   | -                 | 211.013           | 21.251            | 5.761             | 238.025            |
| Other                | 943.148           | 1.510.816         | 1.096.233         | 6.432.095         | 9.982.292          |
|                      | <b>27.557.849</b> | <b>22.479.231</b> | <b>35.962.504</b> | <b>14.875.821</b> | <b>100.875.405</b> |

#### 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 ratios as of 31 December 2020 and 2019 are as follows:

|  | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| Total borrowings                                 | 181.807.244      | 60.296.091       |
| Less: Cash and cash equivalents                  | (58.146.312)     | (35.955.112)     |
| Net financial debt                               | 123.660.932      | 24.340.979       |
| Equity   | 88.071.052       | 49.652.035       |
| Invested capital                                 | 211.731.984      | 73.993.014       |
| <b>Net financial debt/invested capital ratio</b> | <b>0,58</b>      | <b>0,33</b>      |

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 36 - 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 balance sheet date with similar credit risk and remaining maturity.

The estimated fair value of receivables from finance sector operations represents the discounted amount of the 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.

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 2020 and 2019 are presented in the table below:

|   | 31 December 2020 |             | 31 December 2019 |            |
|---|------------------|-------------|------------------|------------|
|   | Carrying value   | Fair value  | Carrying value   | Fair value |
| <b>Assets</b>                               |                  |             |                  |            |
| Cash and cash equivalents                   | 60.360.801       | 58.594.910  | 37.816.360       | 37.816.360 |
| Receivables from finance sector operations  | 295.233.101      | 296.632.401 | 2.307.287        | 2.235.602  |
| Financial assets measured at amortised cost | 53.012.529       | 54.582.472  | -                | -          |
| <b>Liabilities</b>                          |                  |             |                  |            |
| Borrowings                                  | 181.807.244      | 182.684.452 | 60.296.091       | 60.930.813 |
| Payables of finance sector operations       | 277.170.939      | 277.342.697 | -                | -          |



# KOÇ HOLDING A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 36 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

##### 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 2020   | Level 1           | Level 2           | Level 3        | Total             |
|--|-------------------|-------------------|----------------|-------------------|
| Financial assets measured at fair value through profit/(loss)              |                   |                   |                |                   |
| - Equity securities  | 10.254            | 161.327           | 358.824        | 530.405           |
| - Debt instruments   | 276.735           | -                 | -              | 276.735           |
| Financial assets measured at fair value through other comprehensive income |                   |                   |                |                   |
| - Equity securities  | 374.700           | 91.627            | -              | 466.327           |
| - Debt instruments   | 22.848.275        | 2.164.084         | -              | 25.012.359        |
| Derivative instruments   | -                 | 6.219.142         | -              | 6.219.142         |
| <b>Total assets</b>  | <b>23.509.964</b> | <b>8.636.180</b>  | <b>358.824</b> | <b>32.504.968</b> |
| Derivative instruments   | -                 | 11.436.576        | -              | 11.436.576        |
| <b>Total liabilities</b>   | <b>-</b>          | <b>11.436.576</b> | <b>-</b>       | <b>11.436.576</b> |
| 31 December 2019   | Level 1           | Level 2           | Level 3        | Total             |
| Financial assets measured at fair value through profit/(loss)              |                   |                   |                |                   |
| - Equity securities  | -                 | -                 | 79.660         | 79.660            |
| - Debt instruments   | 1.425.357         | -                 | -              | 1.425.357         |
| Financial assets measured at fair value through other comprehensive income |                   |                   |                |                   |
| - Equity securities  | 74.925            | -                 | -              | 74.925            |
| Derivative instruments   | -                 | 526.421           | -              | 526.421           |
| <b>Total assets</b>  | <b>1.500.282</b>  | <b>526.421</b>    | <b>79.660</b>  | <b>2.106.363</b>  |
| Derivative instruments   | -                 | 266.898           | -              | 266.898           |
| <b>Total liabilities</b>   | <b>-</b>          | <b>266.898</b>    | <b>-</b>       | <b>266.898</b>    |

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

#### NOTE 37 - EARNINGS PER SHARE

|   | 2020            | 2019            |
|---|-----------------|-----------------|
| <b>Earnings per share:</b>  |                 |                 |
| Profit for the period   | 12.633.297      | 5.921.284       |
| Profit attributable to non-controlling interests                  | 3.360.727       | 1.530.125       |
| Profit attributable to equity holders of the parent               | 9.272.570       | 4.391.159       |
| Weighted average number of shares with nominal value of Kr 1 each | 253.589.805.000 | 253.589.805.000 |
| <b>Earnings per share (Kr)</b>                                    | <b>3,657</b>    | <b>1,732</b>    |

#### NOTE 38 - SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the consolidated cash flow statements as of 31 December 2020 and 2019 is as follows:

|   | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|
| <b>Changes in provisions:</b>   |                  |                  |
| Provisions for warranty and assembly                                  | 384.372          | 112.497          |
| Provisions for employee benefits                                      | 321.380          | 67.428           |
| Provisions for non-cash loans   | 137.043          | -                |
| Provision for price revisions   | 47.539           | 23.056           |
| Cost accruals for construction contracts                              | 26.557           | (19.413)         |
| Provisions for lawsuits   | 24.026           | 4.807            |
| Provisions for credit card points                                     | 7.421            | -                |
| Other provisions  | 131.374          | 114.351          |
|   | <b>1.079.712</b> | <b>302.726</b>   |
| <b>Adjustments for impairment loss/(reversal of impairment loss):</b> |                  |                  |
| Provisions for impairment on loans                                    | 7.595.802        | 73.663           |
| Provisions for impairment on trade receivables                        | 112.539          | 86.797           |
| Provisions for impairment on property, plant and equipment            | 97.279           | 58.091           |
| Provisions for impairment on inventories                              | 69.430           | (104.964)        |
| Provisions for impairment on assets held for sale                     | 26.638           | -                |
|   | <b>7.901.688</b> | <b>113.587</b>   |

**KOÇ HOLDİNG A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

**NOTE 38 - SUPPLEMENTARY CASH FLOW INFORMATION (Continued)**

|  | 31 December 2020  | 31 December 2019  |
|--|-------------------|-------------------|
| <b>Net changes in the operating assets and liabilities:</b>              |                   |                   |
| <b>Finance:</b>  |                   |                   |
| Receivables from finance sector operations                               | (51.354.785)      | 778.539           |
| Balances with Central Bank of the Republic of Turkey - required reserves | (6.497.185)       | -                 |
| Payables of finance sector operations                                    | 63.768.722        | -                 |
| Other assets and liabilities, net  | (4.032.403)       | -                 |
|  | <b>1.884.349</b>  | <b>778.539</b>    |
| <b>Non-Finance:</b>  |                   |                   |
| Inventories  | (1.233.370)       | (2.753.069)       |
| Trade receivables  | (1.450.600)       | (1.723.612)       |
| Trade payables   | 2.312.162         | 11.058.218        |
| Other assets and liabilities, net  | 928.131           | 881.267           |
| Other payables and receivables, net                                      | 1.239.455         | (287.731)         |
|  | <b>5.054.179</b>  | <b>8.053.909</b>  |
| Currency translation differences   | 1.374.052         | 100.297           |
|  | <b>84.598.776</b> | <b>35.955.112</b> |
| <b>Cash and cash equivalents:</b>  |                   |                   |
| Cash and cash equivalents (Note 5)                                       | 60.360.801        | 37.816.360        |
| Add: Balances with the CBRT - free balances (Note 6)                     | 26.452.464        | -                 |
| Less: Blocked deposits (Note 5)  | (2.214.489)       | (1.861.248)       |
|  | <b>84.598.776</b> | <b>35.955.112</b> |

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Convenience Translation into English of the Consolidated Financial Statements Originally Issued in Turkish (Note 2.7))

### NOTE 39 - EVENTS AFTER THE BALANCE SHEET DATE

- On 10 February 2021, Arçelik, a Subsidiary of the Group, completed the sale transaction of bonds to qualified domestic investors, with 728 days term, 3 months coupon payments, floating interest with 140 bps over TLREF reference rate and principal payment at maturity date of 10 February 2023. The final issuance amount was realised as TL1.200.000 thousand. Settlement date of the issuance was 12 February 2021 and the issuance was advised by Yapı Kredi Yatırım Menkul Değerler A.Ş.
- A share purchase agreement was signed on 16 December 2020 between Arçelik and Hitachi Global Life Solutions Inc. ("Hitachi GLS") in order to establish a partnership that Arçelik will control with the majority interest, to operate in the global home appliances market outside the Japanese market. Following the fulfilment of closing conditions stated in the said agreement, Partnership Agreement, Master Brand Agreement and other related agreements will be signed between the parties in 2021. In this context, Hitachi GLS will incorporate a new company in the Netherlands and transfer all the assets of home appliances business owned by its 12 subsidiaries to the new company of which 60% of the shares will be bought by Arçelik. Transaction value for 60% of the shares is determined as USD 300 million on a cash-free and debt-free basis, including all the minority interests. The transaction value is subject to price adjustment based on the balance of net debt and net working capital of the new company as of the closing date. The transaction is subject to fulfilment of the closing conditions in the aforementioned agreements including the approvals to be granted by the regulatory authorities. The transaction is expected to be closed by 1 April 2021.
- Yapı Kredi Bankası, a Subsidiary of the Group, issued fixed rate subordinated bond (Tier 2) abroad on 22 January 2021, with a nominal amount of USD 500 million, coupon rate of 7,875% and semi-annual interest payments, maturity of 22 January 2031 and having an early redemption call option on 22 January 2026. In addition, it was resolved by the Yapı Kredi Bank's Board of Directors to redeem the subordinated bond on 9 March 2021, which was issued abroad on 8 March 2016, with a notional amount of USD 500 million, a maturity of 9 March 2026 and structured to be repaid in the fifth year.
- Tüpraş, a Subsidiary of the Group, issued bonds with nominal values of TL290 million and TL1.100 million, maturity of 728 days, coupon payments in every 3 months, principal and coupon payments at the end of maturity and additional return of 140 bps over TLREF reference rate on 22 January 2021 and 3 February 2021, respectively.

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 2020 and 2019 Issued According to the Statutory Records (TL)

| ASSETS  |                          | 31.12.2020               | 31.12.2019               |
|---|--------------------------|--------------------------|--------------------------|
| <b>CURRENT ASSETS</b>                           |                          | <b>14,366,984,948.91</b> | <b>17,755,265,382.29</b> |
| <b>Cash and Cash Equivalents</b>                | <b>12,313,793,776.16</b> |                          | <b>15,086,090,378.49</b> |
| Cash  | 1,000.00                 | 1,000.00                 |                          |
| Banks   | 12,313,792,776.16        | 15,086,089,378.49        |                          |
| <b>Securities</b>                               | <b>1,468,100,000.00</b>  |                          | <b>2,128,725,319.84</b>  |
| Debt Securities                                 | 1,468,100,000.00         | 2,128,725,319.84         |                          |
| <b>Short Term Trade Receivables</b>             | <b>289,548,369.04</b>    |                          | <b>273,225,504.48</b>    |
| Customers                                       | 289,504,398.42           | 273,143,901.94           |                          |
| Doubtful Receivables                            | 1,053,201.70             | 973,005.72               |                          |
| Provision for Doubtful Receivables              | -1,009,231.08            | -891,403.18              |                          |
| <b>Other Short Term Receivables</b>             | <b>533.36</b>            |                          | <b>102.41</b>            |
| Receivables from Shareholders                   | 533.36                   | -                        |                          |
| Other Miscellaneous Receivables                 | -                        | 102.41                   |                          |
| <b>Other Current Assets</b>                     | <b>295,542,270.35</b>    |                          | <b>267,224,077.07</b>    |
| Prepaid Taxes and Funds                         | 95,395,784.87            | -                        |                          |
| Other Miscellaneous Current Assets              | 200,146,485.48           | 267,224,077.07           |                          |
| <b>NON-CURRENT ASSETS</b>                       |                          | <b>12,765,371,432.61</b> | <b>9,445,182,523.38</b>  |
| <b>Long Term Trade Receivables</b>              | <b>739,449.70</b>        |                          | <b>595,823.67</b>        |
| Deposits and Guarantees Given                   | 739,449.70               | 595,823.67               |                          |
| <b>Financial Non-Current Assets</b>             | <b>11,727,171,771.21</b> |                          | <b>8,392,495,413.37</b>  |
| Subsidiaries                                    | 4,295,267,159.87         | 6,294,763,181.27         |                          |
| Affiliate Company                               | 7,431,904,611.34         | 2,097,732,232.10         |                          |
| <b>Property, Plant and Equipment</b>            | <b>986,918,157.33</b>    |                          | <b>1,001,615,590.78</b>  |
| Lands   | 32,967,975.16            | 32,967,975.16            |                          |
| Land Improvements                               | 8,290,616.51             | 8,290,616.51             |                          |
| Buildings                                       | 637,381,097.44           | 632,558,997.54           |                          |
| Motor Vehicles Equipment                        | 493,522,678.50           | 493,522,678.50           |                          |
| Furniture and Fixtures                          | 41,802,307.05            | 36,834,179.75            |                          |
| Accumulated Depreciation                        | -227,046,517.33          | -202,558,856.68          |                          |
| <b>Intangible Assets</b>                        | <b>18,998,520.15</b>     |                          | <b>14,320,109.26</b>     |
| Research and Developments Expenses              | 14,302,080.00            | 8,752,320.00             |                          |
| Establishment and Formation Expenses            | 2,529,126.22             | 2,529,126.22             |                          |
| Rights  | 11,901,767.00            | 11,398,694.13            |                          |
| Leasehold Improvements                          | 5,100,886.32             | 5,100,886.32             |                          |
| Accumulated Depreciation                        | -14,835,339.39           | -13,460,917.41           |                          |
| <b>Prepaid Expenses for the Following Years</b> | <b>31,543,534.22</b>     |                          | <b>36,155,586.30</b>     |
| Prepaid Expenses for the Following Years        | 31,543,534.22            | 36,155,586.30            |                          |
| <b>TOTAL ASSETS</b>                             |                          | <b>27,132,356,381.52</b> | <b>27,200,447,905.67</b> |



| LIABILITIES                                      | 31.12.2020               |                  | 31.12.2019               |
|--|--------------------------|------------------|--------------------------|
| <b>CURRENT LIABILITIES</b>                       | <b>743,520,548.87</b>    |                  | <b>5,115,037,058.99</b>  |
| <b>Financial Liabilities</b>                     | -                        |                  | <b>4,455,150,000.00</b>  |
| Bonds Issued                                     | -                        | 4,455,150,000.00 |                          |
| <b>Trade Payables</b>                            | <b>12,524,436.38</b>     |                  | <b>30,273,863.11</b>     |
| Suppliers  | 10,945,897.93            | 28,917,532.67    |                          |
| Deposits and Guarantees Received                 | 1,578,538.45             | 1,356,330.44     |                          |
| <b>Other Current Liabilities</b>                 | <b>397,104,794.42</b>    |                  | <b>309,917,347.34</b>    |
| Liabilities to Associates                        | 191,402,568.78           | 135,193,785.66   |                          |
| Social Security Premiums Payable                 | 2,652,721.81             | 2,315,650.41     |                          |
| Other Debts                                      | 203,049,503.83           | 172,407,911.27   |                          |
| <b>Provision for Debts and Expenses</b>          | <b>333,891,318.07</b>    |                  | <b>319,695,848.54</b>    |
| Provision for Profit of Period Taxes and Other   | 90,364,144.71            | 87,436,343.46    |                          |
| Other Provision for Debts and Expenses           | 243,527,173.36           | 232,259,505.08   |                          |
| <b>NON-CURRENT LIABILITIES</b>                   | <b>11,026,899,373.35</b> |                  | <b>8,924,507,958.77</b>  |
| <b>Financial Liabilities</b>                     | <b>11,010,750,000.00</b> |                  | <b>8,910,300,000.00</b>  |
| Bonds Issued                                     | 11,010,750,000.00        | 8,910,300,000.00 |                          |
| <b>Provision for Debts and Expenses</b>          | <b>16,149,373.35</b>     |                  | <b>14,207,958.77</b>     |
| Provision for Employment Termination Benefits    | 16,149,373.35            | 14,207,958.77    |                          |
| <b>EQUITY</b>                                    | <b>15,361,936,459.30</b> |                  | <b>13,160,902,887.91</b> |
| <b>Total Share Capital</b>                       | <b>2,507,888,937.81</b>  |                  | <b>2,507,888,937.81</b>  |
| 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   |                          |
| <b>Issue Premium</b>                             | <b>9,705,724.30</b>      |                  | <b>9,705,724.30</b>      |
| <b>Capital Reserves</b>                          | <b>312,748,745.74</b>    |                  | <b>312,748,745.74</b>    |
| Other Capital Reserves                           | 312,748,745.74           | 312,748,745.74   |                          |
| <b>Reserves</b>                                  | <b>9,484,896,063.84</b>  |                  | <b>8,093,340,667.07</b>  |
| Legal Reserves                                   | 615,618,768.68           | 615,618,768.68   |                          |
| Extraordinary Reserves                           | 6,713,643,513.70         | 5,322,088,116.93 |                          |
| Special Funds                                    | 2,155,633,781.46         | 2,155,633,781.46 |                          |
| <b>Prior Years' Income-Inf. Adj. Profit-2004</b> | <b>174,879,886.04</b>    |                  | <b>174,879,886.04</b>    |
| <b>Profit for the Period</b>                     | <b>2,871,817,101.57</b>  |                  | <b>2,062,338,926.95</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>              | <b>27,132,356,381.52</b> |                  | <b>27,200,447,905.67</b> |

## Koç Holding A.Ş. Income Statement for the Period of 1 January-31 December 2020 and 2019, Issued According to the Statutory Records (TL)

|   |                   | 2020                     | 2019                     |
|---|-------------------|--------------------------|--------------------------|
| <b>GROSS REVENUES</b>                                     |                   | <b>409,692,142.04</b>    | <b>377,016,247.07</b>    |
| Domestic Revenues   | 409,692,142.04    |                          | 377,016,247.07           |
| <b>OPERATING EXPENSES</b>                                 |                   | <b>-675,181,002.68</b>   | <b>-663,823,675.96</b>   |
| General Administrative Expenses                           | -675,181,002.68   |                          | -663,823,675.96          |
| <b>ORDINARY INCOME AND PROFIT FROM OTHER OPERATIONS</b>   |                   | <b>9,144,950,072.14</b>  | <b>5,249,714,713.26</b>  |
| Dividend Income from Associates                           | 1,137,256,780.15  |                          | 1,055,798,993.27         |
| Dividend Income from Subsidiaries                         | 1,444,738,765.97  |                          | 722,339,720.75           |
| Interest Income   | 639,412,854.50    |                          | 1,112,782,516.67         |
| Provisions No Longer Required                             | -                 |                          | 78,270.59                |
| FX Income   | 5,858,294,513.52  |                          | 2,295,521,380.46         |
| Other Ordinary Income and Profit                          | 65,247,158.00     |                          | 63,193,831.52            |
| <b>ORDINARY EXPENSES AND LOSSES FROM OTHER OPERATIONS</b> |                   | <b>-1,814,058,554.14</b> | <b>-858,727,251.52</b>   |
| Provision Expenses  | -1,941,414.58     |                          | -2,913,768.55            |
| FX Losses   | -1,812,117,139.56 |                          | -855,813,482.97          |
| <b>FINANCIAL EXPENSES</b>                                 |                   | <b>-4,585,848,833.72</b> | <b>-2,006,555,779.57</b> |
| Short Term Borrowing Expenses                             | -3,884,170,090.97 |                          | -14,792,720.76           |
| Long Term Borrowing Expenses                              | -701,678,742.75   |                          | -1,991,763,058.81        |
| <b>EXTRAORDINARY INCOME AND PROFIT</b>                    |                   | <b>482,627,422.64</b>    | <b>52,151,017.13</b>     |
| Other Extraordinary Income and Profit                     | 482,627,422.64    |                          | 52,151,017.13            |
| <b>PROFIT FOR THE PERIOD</b>                              |                   | <b>2,962,181,246.28</b>  | <b>2,149,775,270.41</b>  |
| TAXES PAYABLES AND OTHER LEGAL LIABILITIES                |                   | -90,364,144.71           | -87,436,343.46           |
| <b>NET PROFIT FOR THE PERIOD</b>                          |                   | <b>2,871,817,101.57</b>  | <b>2,062,338,926.95</b>  |

## OTHER INFORMATION ABOUT CORPORATE GOVERNANCE

Informative Document for 9 April 2021 Ordinary General Assembly to Review Financial Year 2020

Statements of Independence

Corporate Governance Compliance Report and Information Form

Index of Explanations Regarding Sustainability Principles

# Informative Document for 9 April 2021 Ordinary General Assembly to Review Financial Year 2020

## 1. INVITATION TO THE 9 APRIL 2021 ORDINARY GENERAL ASSEMBLY

Koç Holding A.Ş.'s Ordinary General Assembly Meeting shall convene on Friday 9 April 2021 at 16:00 (2pm GMT) at the address of Nakkaştepe Azizbey Sok. No. 1, 34674 Kuzguncuk-Üsküdar/İstanbul (Tel: +90 216 531 00 00, Fax: +90 216 531 00 99). The activities of the Company for the fiscal year 2020 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, 2020 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](http://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](http://www.koc.com.tr) and shall submit to the Company the notarized 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](http://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.

Due to the COVID-19 pandemic, the General Assembly Meeting will be held in accordance with the pandemic restrictions and requirements announced by public authorities. Therefore our shareholders are expected to follow the announcements made by such authorities. In this respect,

- Given the pandemic context and the meeting restrictions announced by public authorities, apart from the Company shareholders guests will not be allowed to join the General Assembly Meeting this year.
- All guests will be screened for fever at the entrance of the meeting venue.
- Wearing a mask throughout the meeting will be required.
- There will not be any food or drink served.

The press is invited to the General Assembly Meeting.

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](http://www.koc.com.tr).

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 HOLDING 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 Informative 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<br>(TRY) | Equity Ratio<br>(%) | Voting Right           | Voting Right<br>Stake (%) |
|---|-------|-----------------------|---------------------|------------------------|---------------------------|
| Temel Ticaret ve Yatırım A.Ş.*  | A     | 678,773,422           | 26.77               | 135,754,684,460        | 42.23                     |
| Temel Ticaret ve Yatırım A.Ş.*  | B     | 428,196,786           | 16.88               | 42,819,678,578         | 13.32                     |
| Koç Family  | B     | 487,895,145           | 19.24               | 48,789,514,515         | 15.18                     |
| Vehbi Koç Foundation  | B     | 184,171,754           | 7.26                | 18,417,175,384         | 5.73                      |
| Koç Holding Pension and Assistance Foundation                                       | B     | 50,451,548            | 1.99                | 5,045,154,831          | 1.57                      |
| Rahmi M. Koç ve Mahdumları Maden İnşaat<br>Turizm Ulaştırma Yatırım ve Ticaret A.Ş. | B     | 35,385,424            | 1.40                | 3,538,542,410          | 1.10                      |
| Free Float  | B     | 671,023,971           | 26.46               | 67,102,397,052         | 20.87                     |
| <b>Total</b>  |       | <b>2,535,898,050</b>  | <b>100.00</b>       | <b>321,467,147,230</b> | <b>100.00</b>             |

\* Majority of Temel Ticaret ve Yatırım A.Ş. shares belong to Koç Family members.

### 2.2. Managerial and Operational Changes in Our Company or our Subsidiaries which may Significantly Affect the Activities of our Company

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 that, material event disclosures made by our Company in accordance with legal requirements are available at [www.kap.gov.tr](http://www.kap.gov.tr)

# Informative Document for 9 April 2021 Ordinary General Assembly to Review Financial Year 2020

## 2.3. Information regarding requests of shareholders for adding an item on the agenda

No request has been submitted in writing to the Koç Holding Investor Relations Department 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 9 APRIL 2021

### 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 2020

Within the framework of the TCC, the Regulation, the Capital Markets Law and related regulations, information shall be given on the 2020 Annual Report that includes the Corporate Governance Compliance 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](http://www.koc.com.tr) for review of our shareholders three weeks before the General Assembly meeting and it shall be presented for discussion and approval of our shareholders.

### 3. Presentation of the summary of the Independent Auditor's Report for the year 2020

A summary of the Independent Auditor's Report, which is prepared according to the TCC and CMB regulations and posted 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](http://www.koc.com.tr), will be read aloud.

### 4. Presentation for discussion and approval of the Financial Statements of the Company for the year 2020

Information about our financial statements and legal statutory accounts, which, pursuant to the TCC, Bylaws and Capital Markets Law have been posted 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](http://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 2020

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 2020 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 2020 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 01.01.2020 – 31.12.2020; consolidated profit attributable to equity holders of the parent in the amount of 9.272.570.000 TL 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. Approval, approval with amendment, or rejection of the Board of Directors' proposal on the amendment of Article 6 of the Articles of Association of the Company "Capital"

The amendments proposed by the Board of Directors for Article 6 related to "Capital" in order to extend the validity period of Company's upper limit of authorized capital for 5 years shall be submitted to the General Assembly for its approval. The proposed amendments and the related Board of Directors decision are set out in Appendix 2. Necessary approvals for the proposed amendments have been received from CMB and the Ministry of Trade on 03.02.2021 and 12.02.2021 respectively.

## 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.

The Nomination and Remuneration Committee reviewed five candidates for independent board membership (Ms. Anne Lauvergeon, Ms. Emily K. Rafferty, Mr. Dr. Cem M. Kozlu, Mr. Peter Martyr and Mr. Okan Turan), taking into account the candidates' fulfilment of independency criteria, education, previous functions, expertise in senior management and board membership and their possible contributions to our Company's operations. In this respect, the Committee concluded that Mr. Okan Turan lacks the necessary expertise in terms of senior management and board membership and will therefore not be able to contribute effectively to Koç Holding's operations. Therefore, 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. Anne Lauvergeon, Ms. Emily K. Rafferty, Dr. Cem M. Kozlu and Mr. Peter Martyr.

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 Anne Lauvergeon, Emily K. Rafferty and Peter Martyr. 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 Emily K. Rafferty to be accepted for one year as the third foreign independent member of the Board of Directors.

In its statement dated 05.03.2021, CMB assented this request and granted an exception to Emily K. Rafferty 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 3.

## Informative Document for 9 April 2021 Ordinary General Assembly to Review Financial Year 2020

### **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 revised Remuneration Policy prepared in this respect is attached hereto as Appendix 4 for this purpose. Information on the compensation of the members of the Board of Directors and the senior management is available in footnote No. 31 of our financial statements dated 31 December 2020.

### **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 2021 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 15 February 2021 to nominate PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to audit the Company's financial reports for the year 2021 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. Approval of the Donations and Sponsorship Policy adopted by the Board of Directors, presentation to the shareholders of the donations made by the Company in 2020, and decision on an upper limit for donations for the year 2021**

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. Donations totaling 15.959.971 TL were made to foundations and associations in 2020. Of this amount, 15.434.726 TL was donated to Koç University and the remaining 525.245 TL was donated to various other entities the amounts of which are not deemed to be material for investors. The upper limit of donations to be made in 2021 shall be resolved by the General Assembly. In addition to that, the Donations and Sponsorship Policy which was adopted by the Board of Directors and disclosed on 01.03.2021 will be submitted to the General Assembly for approval in accordance with Corporate Governance Principle 1.3.10.

### **13. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2020 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. 34 of our financial statements dated 31 December 2020.

### **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 2020 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 2020, there has not been any material transaction which requires notification in accordance with Corporate Governance Principle No. 1.3.6 of the Corporate Governance Communique.

## 15. Wishes and Observations

### APPENDICES:

**APPENDIX 1** - 2020 Dividend Distribution Proposal (See pages 22-23)

**APPENDIX 2** - Proposed Amendments to Articles of Association and the Related Board of Directors Decision (See pages 24-25)

**APPENDIX 3** - CVs of Board of Directors Candidates and Independence Declarations of Independent Board Member Candidates

**APPENDIX 4** - Remuneration Policy for Board of Directors and Executive Management (See page 27)

### APPENDIX 3 - CVs of Board of Directors Candidates and Independence Declarations of Independent Member Candidates

#### Peter Martyr (Independent Board Member Candidate)

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 NRF as a solicitor; where he became a partner, a managing partner, CEO and Global CEO between 2013 and 2020. He merged Norton Rose with US law firm Fulbright & Jaworski to create Norton Rose Fulbright. As Global CEO, he has been responsible for setting and driving the global strategic direction of the firm. He also completed mergers in Australia and Canada in 2016; in USA in 2017. 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 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 strategy development and implementation, creating innovative culture and change management programs. At NRF, he undertook multiple professional firm cross-border mergers and integration programs and has been responsible for development of Executive Committee, Board governance and risk management functions. He has been awarded amongst the "Top 50 innovator over last 50 years" by American Lawyer in 2013, and "Top 10 Business People" by The Times in 2012 and "Honorary CEO Catalyst CEO Champion for Change" in 2020 and is the recipient of a number of law firm management awards.

*Note: For the CVs of other BoD members, see pages 144-147.*

## 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)

Anne Lauvergeon

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

## 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, 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



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

# 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 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. |

|   | Compliance Status |         |    |          |    | Explanation  |
|---|-------------------|---------|----|----------|----|--|
|   | Yes               | Partial | No | Exempted | NA |  |
| 1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.  | X                 |         |    |          |    |  |
| <b>1.4. VOTING RIGHTS</b>   |                   |         |    |          |    |  |
| 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.   |                   |         |    |          |    | 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.   |
| <b>1.5. MINORITY RIGHTS</b>   |                   |         |    |          |    |  |
| 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.   |
| <b>1.6. DIVIDEND RIGHT</b>  |                   |         |    |          |    |  |
| 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.  |
| 1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.  | X                 |         |    |          |    |  |

# Corporate Governance Compliance Report and Information Form

|  | Compliance Status |         |    |          |    | Explanation   |
|--|-------------------|---------|----|----------|----|---|
|  | Yes               | Partial | No | Exempted | NA |   |
| 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 programme 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 organises trainings for employees.  | X                 |         |    |          |    |   |
| 3.3.4 - Meetings have been organised 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. |

# Corporate Governance Compliance Report and Information Form

|  | Compliance Status |         |    |          |    | Explanation  |
|--|-------------------|---------|----|----------|----|--|
|  | Yes               | Partial | No | Exempted | NA |  |
| 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                 |         |    |          |    |  |
| 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 Chairman 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 attended the majority of the board meetings in person.   |                   | X       |    |          |    | Given the concerns on physical meetings due to Covid-19 pandemic, in addition to the necessary resolutions, the Board has made one all-day long strategic physical meeting and another strategic meeting whereby the resolution was adopted by the Board of Directors in writing without a physical meeting and the relevant detailed documents have been provided well in advance to all members. These meetings provided members access to adequate information on company performance and activities, enabling them to make a strategic review. Besides, the Board has been informed about the company performance and recent developments on a periodic basis within the year. Yet, many of the resolutions this year have been adopted by the Board of Directors in writing without a physical meeting, whereby the agenda and related information has been provided well in advance. Based on the meetings made, majority of the board members attended majority of the meetings. |
| 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  | 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.  |
| 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       |    |          |    | 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 |         |    |          |    |  |
|---|-------------------|---------|----|----------|----|--|
|   | Yes               | Partial | No | Exempted | NA | Explanation  |
| 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 has 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 favour 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 BoD 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

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

Attended 21 roadshow and conferences, met with around 500 investors

#### 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/tr/Bildirim/824683>

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 Communiqué 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 Communiqué 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

The upper limit for donations are set in each year's General Shareholder's Meetings and there is not a separate donation policy.

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

The PDP link related to the General Shareholder's Meeting where the upper limit for donations are set <https://www.kap.org.tr/tr/Bildirim/834450>

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

Our General Assembly Meetings are open to the public. Stakeholders and the media are able to follow the meetings.

#### 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. Temel Ticaret ve Yatırım 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.

-

#### 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

-

# Corporate Governance Compliance Report and Information Form

## General Assembly Meetings

|  |   |
|--|---|
| General Meeting Date   | 02.04.2020  |
| 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  | 88%   |
| Percentage of shares directly present at the GSM   | 1%  |
| Percentage of shares represented by proxy  | 88%   |
| 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                                      | No question within the scope of Corporate Governance Principle 1.3.5 has been received.           |
| 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   | <a href="https://www.kap.org.tr/tr/Bildirim/834450">https://www.kap.org.tr/tr/Bildirim/834450</a> |

## 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                          |

## 2. DISCLOSURE AND TRANSPARENCY

### 2.2. Annual Report

|  |  |
|--|--|
| 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 Community Investments, Human Resources and Organization Chart |

## 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   | 0  |
| The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)             | The alert and notification mechanism is accessible at Koç Holding website from the "Koç Audit" or Information tab.   |
| The contact detail of the company alert mechanism  | <a href="https://www.koc.com.tr/tr-tr">https://www.koc.com.tr/tr-tr</a><br><a href="https://kocsnow.koc.com.tr/denetim">https://kocsnow.koc.com.tr/denetim</a>                                     |

### 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. <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> 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 programme  | No   |

# Corporate Governance Compliance Report and Information Form

## 3. STAKEHOLDERS

### 3.3. Human Resources Policy

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

0

### 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

Sustainability – Policies and Reports

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   | 30.12.2020  |
| 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  | 1 (Internal audit unit provides combined information to the audit committee 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 Chairman  | 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   | Corporate Governance  |
| The number and ratio of female directors within the Board of Directors  | 5 (45%)   |



## Board Members

| Name-Surname      | Position          | Profession                   | Whether Dependent | 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 | 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 Chairman | Director or not              | Non-Executive     | Not                             | 01.01.1963                       | BoD Chairman and Member, Committee Member              | 3.03%           |   |   |  |  | Executive Committee   |
| Ömer M. Koç       | Chairman          | Business Man/ Business Woman | Non-Executive     | Not                             | 01.04.2004                       | BoD Chairman and Member, Committee Member              | 0.74%           |   |   |  |  | Executive Committee   |
| Ali Y. Koç        | Vice Chairman     | Business Man/ Business Woman | Non-Executive     | Not                             | 01.01.2008                       | BoD Chairman and Member, Committee Member              | 1.39%           |   |   |  |  | Executive Committee<br>Nomination and Remuneration Committee Member                   |
| Semahat S. Arsel  | Member            | Business Man/ Business Woman | Non-Executive     | Not                             | 01.01.1972                       | BoD Chairman and Member, Committee Member              | 6.15%           |   |   |  |  | Executive Committee   |
| Caroline N. Koç   | Member            | Business Man/ Business Woman | Non-Executive     | Not                             | 05.04.2016                       | BoD Chairman and Member, Committee Member              | 0.25%           |   |   |  |  | Risk Management Committee Member  |
| İpek Kırac        | Member            | Business Man/ Business Woman | Non-Executive     | Not                             | 05.04.2016                       | BoD Chairman and Member, Committee Member              | 1.89%           |   |   |  |  | Executive Committee;<br>Corporate Governance Committee Member                         |
| Levent Çakıroğlu  | Member            | Executive Manager            | Executive         | Not                             | 05.04.2016                       | BoD Chairman and Member, Committee Member              |                 |   |   |  |  |   |
| Jacques A. Nasser | Member            | Business Man/ Business Woman | Non-Executive     | Independent                     | 31.03.2015                       | BoD Member in companies outside the Group              |                 | <a href="https://www.kap.org.tr/tr/Bildirim/824683">https://www.kap.org.tr/tr/Bildirim/824683</a> | Considered  | No   |  | Risk Management Committee Chairman;<br>Nomination and Remuneration Committee Chairman |
| Anne Lauvergeon   | Member            | Business Man/ Business Woman | Non-Executive     | Independent                     | 05.04.2016                       | BoD Chairman and Member in companies outside the Group |                 | <a href="https://www.kap.org.tr/tr/Bildirim/824683">https://www.kap.org.tr/tr/Bildirim/824683</a> | Considered  | No   |  |   |
| Emily K. Rafferty | Member            | Business Man/ Business Woman | Non-Executive     | Independent                     | 22.03.2018                       | BoD Chairman and Member in companies outside the Group |                 | <a href="https://www.kap.org.tr/tr/Bildirim/824683">https://www.kap.org.tr/tr/Bildirim/824683</a> | Considered  | No   | Yes  | Audit Committee Member  |
| Dr. Cem M. Kozlu  | Member            | Business Man/ Business Woman | Non-Executive     | Independent                     | 13.11.2019                       | BoD Chairman and Member in companies outside the Group |                 | <a href="https://www.kap.org.tr/tr/Bildirim/824683">https://www.kap.org.tr/tr/Bildirim/824683</a> | Considered  | No   | Yes  | Corporate Governance Committee Chairman,<br>Audit Committee Chairman                  |

# Corporate Governance Compliance Report and Information Form

## 4. BOARD OF DIRECTORS – II

### 4.4. Meeting Procedures of the Board of Directors

|   |  |
|---|--|
| Number of physical board meetings in the reporting period (meetings in person)  | 12   |
| Director average attendance rate at board meetings  | 71%  |
| 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 P.114-117   |
| Link(s) to the PDP announcement(s) with the board committee charters  | <a href="https://www.kap.org.tr/tr/Bildirim/837901">https://www.kap.org.tr/tr/Bildirim/837901</a> |

### 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<br>Emily K. Rafferty  | Chairman<br>Member   | Board Member<br>Board Member   |
| Corporate Governance Committee | -   | Dr. Cem M. Kozlu<br>İpek Kırış<br>Ahmet Ashaboğlu  | Chairman<br>Member<br>Member                               | Board Member<br>Board Member<br>Not Board Member   |
| Risk Management Committee      | -   | Jacques A. Nasser<br>Caroline Nicole Koç   | Chairman<br>Member   | Board Member<br>Board Member   |
| Other                          | Nomination and Remuneration Committee                     | Jacques A. Nasser<br>Yıldırım Ali Koç  | Chairman<br>Member   | Board Member<br>Board Member   |
| Other                          | Executive Committee                                       | Semahat S. Arsel<br>Rahmi M. Koç<br>Ömer M. Koç<br>Ali Y. Koç<br>İpek Kırış<br>A. Ümit Taftalı | Member<br>Member<br>Chairman<br>Member<br>Member<br>Member | Board Member<br>Board Member<br>Board Member<br>Board Member<br>Board Member<br>Not Board Member |

#### 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 P.138-141 |
| 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 P.138-141 |
| 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 P.138-141 |
| 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 P.138-141 |
| 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 P.138-141 |

##### 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 are 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%   | 1                                     | 6  |
| Corporate Governance Committee | -   | 67%                                       | 33%  | 1                                     | 1  |
| Risk Management Committee      | -   | 100%                                      | 50%  | 7                                     | 7  |
| Other                          | Nomination and Remuneration Committee                     | 100%                                      | 50%  | 2                                     | 2  |

## Index of Explanations Regarding Sustainability Principles

| Explanation of Principle  | Annual Report Section, Page Number   | Links   |
|---|--|---|
| <b>A. General</b>   |  |   |
| <b>A1. Strategy, Policy and Targets</b>   |  |   |
| The Board of Directors determines ESG material issues, risks and opportunities and puts forward ESG policies accordingly. As far as the effective implementation of these policies; In-partnership directives, business procedures etc. can be developed. The Board of Directors takes decisions regarding these policies and   | Sustainability, page 47-48   | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Designates the Partnership Strategy, appropriate to the ESG policies, risks and opportunities. Sets and discloses short and long-term targets in line with the partnership strategy and ESG policies.   | Sustainability, page 47<br>Declaration for Compliance with Sustainability Principles<br>page 136-137 | -   |
| <b>A2. Implementation / Monitoring</b>  |  |   |
| Determines and publicly discloses the committees / units responsible for the execution of ESG policies. The committee / unit in charge reports the activities carried out with respect to the policies to the Board of Directors at least once a year and in any case within the maximum periods specified for the public disclosure of the annual activity reports in the relevant regulations of the Board. | Sustainability, page 49  | -   |
| Determines the Key Performance Indicators (KPI) of ESG and shares comparative data on a yearly basis. In the presence of verifiable qualified data, it presents KPIs with local and international industry comparisons.   | Sustainability, 50-59<br>Declaration for Compliance with Sustainability Principles<br>page 136-137   | -   |
| Discloses innovation activities that improve the sustainability performance for business processes or products and services.  | Sustainability, page 52<br>R&D, page 64  | -   |
| <b>A3. Reporting</b>  |  |   |
| Reports its sustainability performance, goals and actions at least once a year and shares with public. Explains the information regarding the sustainability activities within the annual report.   | Sustainability, page 47-60   | -   |
| It is essential to share information that is important for stakeholders in order to understand the position, performance and development of the partnership in a direct and concise manner. It can also explain comprehensive information and data on the corporate website, and arrange separate reports that directly meet the needs of other stakeholders.   | Sustainability, page 47-60   | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Takes maximum care in terms of transparency and reliability. Objectively explains all kinds of improvements on priority issues in the reports and disclosures on the basis of balanced approach.  | Sustainability, page 47-60   | -   |
| Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals the activities are related to.   | Sustainability, page 47  | -   |
| Provides information regarding the lawsuits filed and / or concluded on environmental, social and corporate governance issues.  | Legal Disclosures, page 133  | -   |
| <b>A4. Verification</b>   |  |   |
| If verified by independent third parties (independent assurance providers for sustainability), the sustainability performance measurements is shared with public and endeavors to increase the aforementioned verification processes.   | Declaration for Compliance with Sustainability Principles<br>page 136-137                            | -   |

| Explanation of Principle  | Annual Report Section, Page Number   | Links   |
|---|--|---|
| <b>B. Environmental Principles</b>  |  |   |
| Shares the policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.  | Sustainability, page 53  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Complies with environmental laws and other relevant regulations and explains them.  | Sustainability, page 53  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Explains the constraints regarding reporting period, reporting data, data collection period and reporting conditions of the environmental report to be prepared, under the Sustainability principles.   | Sustainability, page 50  | -   |
| Explains the highest person responsible from the partnership regarding the environment and climate change issue, relevant committees and their duties.  | Sustainability, page 49  | -   |
| Describes the incentives it offers for the management of environmental issues, including the achievement of targets   | Declaration for Compliance with Sustainability Principles page 136-137                             | -   |
| Explains how environmental challenges are integrated into business goals and strategies.  | Sustainability, page 50-55   | -   |
| Explains the sustainability performances for business processes or products and services and the activities to help improve this performance.   | Sustainability, page 52  | -   |
| Elucidates not just in terms of direct operations but also how environmental issues are managed along the value chain and how supplier and customers are integrated in its strategies.  | Sustainability, page 60  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Explains whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international), explains the cooperation with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports. | Sustainability, page 55  | -   |
| Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality.  | Declaration for Compliance with Sustainability Principles page 136-137                             | -   |
| Gives a full environmental impact report regarding the effects of energy management, water and wastewater management, waste management, biodiversity impacts), periodically, in a comparable manner.  | Sustainability, page 52-54   | -   |
| Discloses the details of the standards, protocols, methodology and base year it uses to collect and calculate its data.   | Declaration for Compliance with Sustainability Principles page 136-137                             | -   |
| Explains the status of the environmental indicators (increase or decrease) for the year it has been reported in comparison with previous years.   | Sustainability, page 51-54   | -   |
| Sets short- and longterm targets to reduce its environmental impact and discloses these targets It is recommended that these are Science-Based Targets as suggested in the United Nations Conference of the Parties on Climate Change. Provides information whether there is an actual progress in the reporting year according to the goals set before.            | Declaration for Compliance with Sustainability Principles page 136-137                             | -   |
| Explains the strategies and actions it takes against the climate crises.  | Declaration for Compliance with Sustainability Principles page 136-137                             | -   |
| Describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.   | Sustainability, page 52<br>Declaration for Compliance with Sustainability Principles, page 136-137 | -   |
| Explains the actions taken to reduce its environmental impacts, the total number of projects and enterprises carried out, and the environmental benefits/ gains and cost savings they provide.  | Sustainability, page 53  | -   |
| Reports the data of total energy consumption (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.  | Declaration for Compliance with Sustainability Principles page 136-137                             | -   |

## Index of Explanations Regarding Sustainability Principles

| Explanation of Principle   | Annual Report Section, Page Number  | Links   |
|--|---|---|
| Provides information regarding the electricity, heat, steam and cooling which are generated and consumed during the reported year.   | Sustainability, page 52<br>Energy, page 78                                | -   |
| Carries out and explain studies on increasing the use of renewable energy, transition to zero or low carbon electricity.   | Sustainability, page 51-52  | -   |
| Discloses renewable energy production and consumption data.  | Sustainability, page 51   | -   |
| Conducts energy efficiency projects and explains the amount of energy consumption and emission reduction with respect to these activities.   | Sustainability, page 53   | -   |
| Reports the amount of water withdrawn from surface and underground, water used, recycled and discharged, its sources and procedures (total withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).  | Sustainability, page 54   | -   |
| Explains whether its operations and activities are included in any carbon pricing system (emission trading system, Cap & Trade or carbon tax).   | Declaration for Compliance with Sustainability Principles<br>page 136-137 | -   |
| Explains information regarding the accumulated or purchased carbon credit during the reporting period.   | Declaration for Compliance with Sustainability Principles<br>page 136-137 | -   |
| Explains the details if carbon pricing is executed within the partnership.   | Declaration for Compliance with Sustainability Principles<br>page 136-137 | -   |
| Explains all compulsory and voluntary platforms where it discloses environmental information.  | Sustainability, page 50   | -   |
| <b>C. Social</b>   |   |   |
| <b>C1. Human Rights and Employee Rights</b>  |   |   |
| Formulates the corporate Human Rights and Employee Rights Policy, which is fully compliant with the Universal Declaration of Human Rights, the ILO Conventions that Turkey has confirmed, and the legal framework and regulations governing the human rights and working life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation. | Sustainability, page 55   | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Ensures equal rights regarding recruitment process. Taking the supply and value chain effects into account, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.   | Sustainability, page 55,58  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Explains the measures taken along the value chain to protect the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or measures taken for minority rights / equal opportunity.   | Sustainability, page 55,58  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Reports developments on discrimination, inequality, human rights violations, and practices that prevent and correct forced labor. Explains the regulations which are against the employment child workers.   | Sustainability, page 55-56  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| It determines the processes of conflict resolution by establishing mechanisms for employee investment (training, development policies), compensation, vested benefits, union rights, work / life balance solutions and talent management. Regularly explains the activities carried out to ensure employee satisfaction.   | Human Resources, page 43-46   | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| It develops occupational health and safety policies and makes them public. Explains the precautions taken for work accidents and health protection and accident statistics.  | Sustainability, page 58   | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |



| Explanation of Principle  | Annual Report Section, Page Number   | Links   |
|---|--|---|
| Establishes the protection of personal data and data security policies and makes them public.   | Compliance Program, page 61  | <a href="https://www.koc.com.tr/kisisel-verilerin-korunmasi">https://www.koc.com.tr/kisisel-verilerin-korunmasi</a>   |
| Establishes a Code of Conduct (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and shares them with the public.  | Compliance Program, page 61  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |
| Explains the works within the scope of social investment, social responsibility, financial inclusion and access to finance.   | Sustainability, page 58-59   | -   |
| Organizes informative meetings and training programs for employees on ESG policies and practices.   | Sustainability, page 49  | -   |
| <b>C2. Stakeholders, International Standards and Initiatives</b>  |  |   |
| Conducts activities in the field of sustainability, taking into account the needs and priorities of all stakeholders (employees, customers, suppliers, and service providers, public institutions, shareholders, community and non-governmental organizations, etc.).   | Sustainability, page 48, 50  | -   |
| Puts in order a customer satisfaction policy regarding the management and resolution of customer complaints and makes public disclosure.  | Sustainability, page 60  | -   |
| Conducts a continuous and transparent communication with stakeholders; It evaluates which stakeholders, their purpose, the issue and frequency of the communication, and the progresses in sustainability activities.   | Sustainability, page 50  | -   |
| Discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), The Task Force on ClimateRelated Financial Disclosures (TCFD), etc.) to the public.  | Sustainability, page 50  | -   |
| Whether one is a signatory or a member, it provides disclosure of the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association (ICMA) Green/ Sustainable Bond Principles) to the public. | Sustainability, page 47, 56  | -   |
| Shows concrete efforts to incorporate with Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).  | Sustainability, page 50  | -   |
| <b>D. Corporate Governance</b>  |  |   |
| Makes the maximum effort to comply with all Corporate Governance Principles as well as the Corporate Governance Principles that must be mandatorily applied according to the Capital Markets Board Corporate Governance Communiqué No II-17.1   | Declaration for Compliance with Principles of Corporate Governance, page 134-135 | -   |
| Takes the issue of sustainability, environmental impacts of its activities and principles in this regard into consideration while determining its corporate governance strategy.  | Sustainability, page 47-48   | -   |
| Takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders, as stated in the Corporate Governance Principles. Consults to the opinions of stakeholders in determining measures and strategies in the field of sustainability.  | Sustainability, page 48, 50  | -   |
| Operates on raising awareness on the issue of sustainability and its importance, through social responsibility projects, awareness activities and trainings.  | Sustainability, page 59  | -   |
| Strives to become a member of international standards and initiatives on sustainability and show contribution to studies.   | Sustainability, page 47, 51, 56, 59  | -   |
| Explains anti-bribery and corruption policies and programs in line with the principle of honesty in terms of tax.   | Compliance Program, page 61  | <a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> |

## 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 (Unsponsored)  | KHOLY      |
| Date of Initial Public Offering | 10.01.1986 |

### Koç Holding Communication

Phone : +90 216 531 0000  
Fax : +90 216 531 0099  
E-mail : iletisim@koc.com.tr

### Corporate Communications

Oya Ünlü Kızıl, Director  
E-mail : oyau@koc.com.tr  
Phone : +90 216 531 0287  
Fax : +90 216 343 1537

### Investor Relations

Nursel İlgen, CFA, Coordinator  
E-mail : nurseli@koc.com.tr  
Phone : +90 216 531 0414  
Fax : +90 216 531 0099

### Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2020, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Friday, 9 April 2021 at 4.00pm, at Koç Holding headquarters, Nakkaştepe Azizbey Sok. No. 1, 34674 Kuzguncuk-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.

