





**WE ARE PROUD AND THRILLED TO BE ADVANCING FOR  
A CENTURY ON THE PATH LED BY THE GREAT LEADER ATATÜRK,  
IN THE LIGHT OF THE REPUBLIC.**

As Koç Group, we believe that the best way to celebrate our Republic is through work, production and the achievement of excellence.

We continue, with the same determination, to serve with love and devotion for our country, to protect and defend the Republic entrusted to us by Atatürk, along with its principles and values, acting with the responsibility of carrying the values of the Republic to future generations.



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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

~8%

Revenues / GDP<sup>1</sup>

~7%

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

~22%

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
3. Ford Otosan
8. Arçelik
10. Tofaş

#### Turkey's Largest Network

##### Biggest Employer

~119,000 employees

##### Largest Distribution Network

~780 bank branches  
>10,000 dealers and after-sales service points

#### 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

- > 7,600 trademarks
- > 2,600 patent families
- > 5,200 patents
- > 1,000 industrial designs
- > 5,000 internet domain names

#### Turkey's Largest Exporters

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

2. Ford Otosan
3. Tüpraş
8. Arçelik

~29%

International revenues / Total revenues

>155

Number of exporting countries

>95

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 2023 data

(2) Based on Borsa İstanbul's data as of 31 December 2023

(3) İstanbul Chamber of Industry 2023 report

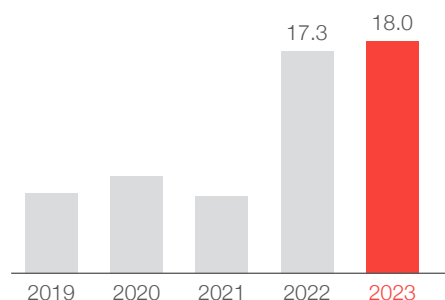
(4) Based on Turkish Statistical Institute's 2022 R&D data by sector and financial source.

(5) Turkish Exporters' Assembly 2023 report. 4 of the top 10 companies exporting goods: Ford Otosan ranks 1<sup>st</sup>, Tüpraş ranks 2<sup>nd</sup>, Arçelik ranks 7<sup>th</sup>, Tofaş ranks 9<sup>th</sup>.

## Sustainable and Strong Performance

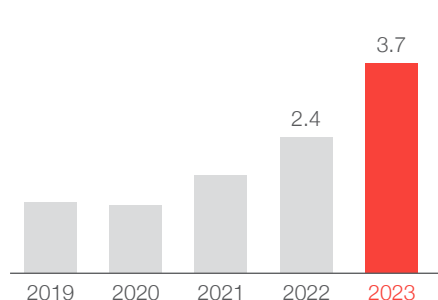
### Net Asset Value<sup>1,3</sup> (USD billion)

**USD 18.0 billion**



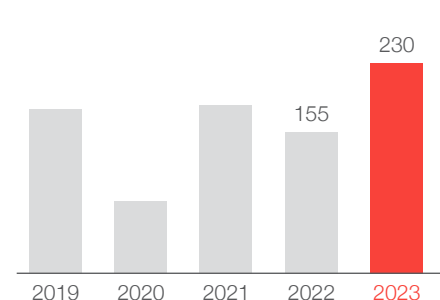
### Investments<sup>3</sup> (Combined- USD billion)

**USD 3.7 billion**



### Dividends Paid<sup>2,3</sup> (Nominal-USD million)

**USD 230 million**



Financial Indicators (Consolidated-TL billion)	2022	2023	Change
Revenues	1,715.9	<b>1,604.6</b>	-6%
Operating Profit	240.7	<b>222.7</b>	-7%
Profit Before Tax	183.6	<b>152.7</b>	-17%
Net Profit <sup>4</sup>	72.7	<b>72.2</b>	-1%
Total assets	2,817.3	<b>2,859.0</b>	1%
Total equity	609.9	<b>674.3</b>	11%
Equity attributed to equity holders of the parent	365.7	<b>404.7</b>	11%

(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 as of 2023 year end. Listed companies have approximately 90% share within net asset value. Includes securities portfolio of Koç Holding (Yapı Kredi Bank's AT1).

(2) Shows the dividend payment excluding payment to usufruct shareholders.

(3) Net Asset Value chart data graph uses the CBRT end-of-day USD rate on the last business day for corresponding years; the Investments graph uses the average CBRT end-of-day USD rate for corresponding years, and the Dividends Paid uses the CBRT end-of-day USD rate for the date on which the dividend was paid.

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

### Non-Financial Indicators

#### ESG Commitments

- Reduction in Scope 1 and 2 GHG emissions (baseline year: 2017):
  - 27% in 2030, 49% in 2040, carbon neutral in 2050 (13% reduction as of 2023)
- As of the end of 2023, the consumption of single-use plastics has been ended.
- Commitment to keep the % of women on board at least at 30% at all times

#### International Platforms

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

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

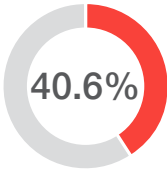
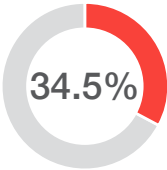
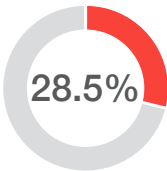
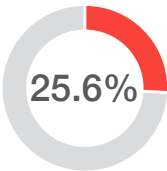
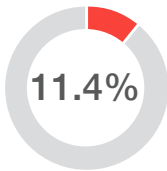
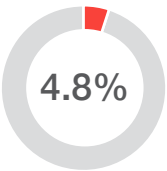
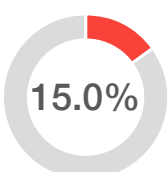
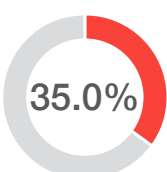
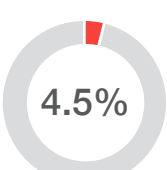
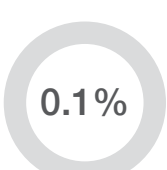
#### Sustainability Indices and Reporting Platforms

- BIST Sustainability Index
- MSCI ESG Rating
- FTSE4Good
- Sustainalytics ESG Rating
- Moody's Analytics ESG Rating
- CDP Climate Change Program

Sustainability Report



## Koç Holding and the Koç Group at a Glance

Sectors	Share in Combined Revenues	Share in Combined Operating Profit <sup>1</sup>
<b>Energy</b>	 40.6%	 34.5%
<b>Automotive</b>	 28.5%	 25.6%
<b>Consumer Durables</b>	 11.4%	 4.8%
<b>Finance</b>	 15.0%	 35.0%
<b>Other Lines of Business</b>	 4.5%	 0.1%

(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		3 <sup>rd</sup>
Entek / Electricity Generation		
Ford Otosan / Automotive	Ford Motor Company <sup>3</sup>	3 <sup>rd</sup>
Tofaş / Automotive	Stellantis	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		Leader
Yapı Kredi / Banking		4 <sup>th</sup> 4
Koçfinans / Consumer Finance		2 <sup>nd</sup> 5
Tat Gıda <sup>6</sup> / Food	Kagome, Sumitomo	Leader <sup>7</sup>
Koçtaş / DIY Retailing	Kingfisher	Leader
Setur / Tourism		
Setur Marinas / Marina Operations		Leader
Divan / Tourism		
KoçZer / Centralized Purchasing Services		
KoçSistem / Information Technologies		

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

(2) Tüpraş, Aygaz, Ford Otosan, Tofaş, TürkTraktör, Otokar, Arçelik, Yapı Kredi 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) Based on total assets and among private banks.

(5) Based on total portfolio volume.

(6) As of 19 February 2024, Koç Holding does not have any shares in Tat Gıda.

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

## Ordinary General Assembly Meeting Agenda

1. Opening and election of the Chair of the Meeting
2. Presentation for discussion and approval of the Annual Report of the Company prepared by the Board of Directors for the year 2023
3. Presentation of the summary of the Independent Auditor's Report for the year 2023
4. Presentation, discussion and approval of the Financial Statements of the Company for the year 2023
5. Release of each member of the Board of Directors from liability for the Company's activities for the year 2023
6. Approval, approval with amendment, or rejection of the Board of Directors' proposal on the distribution of profits for the year 2023 and the distribution date
7. 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
8. 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
9. Determining the annual gross salaries to be paid to the members of the Board of Directors
10. 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
11. Within the scope of the Company's Donation and Sponsorship Policy, informing the shareholders on the donations made by the Company in 2023 and determining an upper limit for donations for the year 2024
12. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2023 and of any benefits or income thereof in accordance with the Capital Markets Board regulations
13. 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 2023 pursuant to the Corporate Governance Communique of the Capital Markets Board
14. Information regarding Koç Holding's target and progress towards target on transition to a low-carbon economy
15. Wishes and Observations

# Independent Auditor's Report on the Annual Report

(Convenience translation of the report originally issued in Turkish)

To the General Assembly of Koç Holding A.Ş.

## 1. Opinion

We have audited the annual report of Koç Holding A.Ş. (the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group") for the 1 January - 31 December 2023 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") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation 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 March 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 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:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- 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.
- to include the matters below in the annual report:
  - events of particular importance that occurred in the Company after the operating year,
  - the Group's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

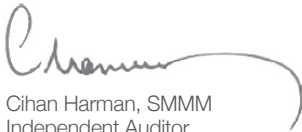
When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

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

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

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

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



Cihan Harman, SMMM  
Independent Auditor

Istanbul, 22 March 2024

## Honorary Chair's Message



### We have confidence in the future of our country.

Esteemed shareholders,

I would like to greet and welcome each and every one of you to our 60<sup>th</sup> General Assembly.

In 2023, the performance of the global economy surpassed all expectations. As the central banks in developed countries achieved significant progress in their combat against inflation, the global economy achieved a soft landing with a growth rate of about 3%.

Many central banks ended their series of interest rate hikes following the evident decline in inflation in the second half of 2023; but it is highly probable that these rates will remain high until the projected levels of inflation become clear. A decline in interest rates in developed countries is only predicted for the second half of 2024. In this context, the European economy is expected to recover next year after a weak performance in 2023. However, growth in Europe, our largest export market, is still likely to remain below the long-term average. On the other hand, economic growth in the USA has exceeded expectations in 2023, notwithstanding the Fed's increase in interest rates to a 22-year high. It would not be a surprise if the American economy maintains its dynamism, even though a slight slowdown in growth is expected next year.

Economic protectionism increased worldwide - as a result of trade wars going back to Trump's tenure, the interruption in international trade and supply chains during the pandemic, and more recently, geopolitical risks heightened by the war between Russia and Ukraine. In the last few years, as international trade restrictions multiplied, incentives offered by governments to attract investments to their own countries had a particularly strong effect on greenfield investments. We are now going through a period of protectionism and government interventions, diminishing the principles of free trade and fair competition. Spearheaded by the IMF, several organizations have cautioned against this trend, warning that it could have a significant impact on economic growth. Moreover, it is apparent that the performance of the global economy will be overshadowed by geopolitical risks, recently exemplified by the war in Gaza as well as competition between major countries, particularly the USA and China. A renewed polarization in the world is not a promising sign, at a time when international cooperation is most needed in order to address the current climate and migration crises. In recent years, Western companies have been opting to reduce their manufacturing operations in China and instead procure their needs from other countries. This presents a significant opportunity for Türkiye that we should not miss.

Viewed within this global context, the key agenda item in Türkiye has been the changes in economic policies implemented after the elections in May. Defined as a return to rational policies by the new economic leadership, this new period is attracting close attention at home and abroad. The most notable step in this process has been the Central Bank's raising of the policy rate by 34 percentage points to 42.5% since the elections, resulting in a sharp increase in deposit and loan rates. The government has also sought to ease consumption, which was

strong in 2023. A slowdown in domestic demand was partly accomplished with the increases in loan rates, and restrictions against loan growth towards the end of the year. A similar trend is expected to continue in the forthcoming months.

The priority of the government and the Central Bank is to reduce the inflation rate, which was 64.8% at the end of 2023. To this end, in addition to the tightening of interest rates as mentioned above, the aim is to slow down the pace of increase in exchange rates. Indeed, we see that the increase in exchange rates has remained below inflation since August. Similar policies are also anticipated to continue for the next few months.

High Turkish lira interest rates and relative currency stability are attracting foreign investors to Turkish lira-denominated assets, as demonstrated by the 7.3 billion USD in foreign investment in the equity and bond markets from the May elections to the end of the year. During the same period, the foreign capital inflows to Türkiye were augmented by Eurobond issuances by the Treasury and corporates, as well as funds obtained by banks through various channels including syndicated loans. In response, the Central Bank's gross foreign exchange reserves reached an all-time high of 145.5 billion USD.


The return to rational economic policies is gratifying, and, as confirmed by the data above, these new policies are welcomed by the markets. It should be noted, though, that these same policies are only the initial steps needed to restore the disrupted economic balances. Still more comprehensive reforms need to be implemented for the resolution of our chronic economic problems. In this context, it is imperative that the process of normalization that started in 2023 is completed in 2024, so the structural problems can then be addressed. Today, whichever country's economy is robust, and currency is valuable, have more to say in world affairs.

As the Koç Group, we have continued to create value for our country during this challenging period with our robust financials, diversified portfolio, extensive supply chain, exemplary environmental, social, and corporate governance practices, and our effective risk management policies. As always, we have been diligently assessing profitable and sustainable growth opportunities and pursuing our investments with unyielding determination. As a testament to our confidence in, and commitment to our country, we have undertaken around 11.2 billion USD of investments over the last five years, with 3.7 billion USD of that invested in 2023 alone. Last year, Koç Holding was the only company representing our country in the Fortune Global 500, the listing of the world's largest companies. We expect the same result this year as well.

With a total asset value reaching 41.5 billion TL (approximately 1.5 billion USD) as of December 31, 2023, the Vehbi Koç Foundation proudly continues to contribute to our society through educational, health, and cultural initiatives, as well as new ventures and investments.

Esteemed shareholders,

As the Koç Group leaves behind nearly a century of business activities, we remain ever mindful of the support and confidence that you have placed in us. We continue to add value to our national economy. And, as we emphasize on every occasion, we have confidence in the future of our country. I would like to take this opportunity to express my sincerest gratitude to all our shareholders, customers, dealers, suppliers, business partners, labor organizations, executives, and employees, and wholeheartedly wish that 2024 be a year of prosperity for our country.



**Rahmi M. Koç**  
Honorary Chair

## Chair's Statement



We are aware that the dreams which the Great Atatürk had for this country a century ago and his vision of a contemporary civilization went far beyond what has been achieved so far. The Koç Group has been working with all its might for a century to realize these dreams.

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

We have left behind a special year in which we celebrated the 100<sup>th</sup> anniversary of the Republic with great enthusiasm. The Great Leader, Mustafa Kemal Atatürk, founded the Republic and gifted it to our nation with his vision, which was far ahead of its time and which remains a point of inspiration to this day. As I have emphasized on every occasion, the Republic did not only mark a regime change for our country. First of all, it was a project of enlightenment, a rekindling of the fire of civilization in these lands, which represent the cradle of ancient civilizations. The Republic brought the identity of equal citizenship to all segments of society, thus creating a modern nation. A just and democratic republic is the guarantee of everyone's well-being, peace and happiness. It should also be underlined that

democracy in a real sense is only possible with secularism. The Koç Group, which is almost as old as the Republic itself, will never deviate from faithfully protecting the principles and values that form the basis of the ideal of a secular Republic.

Being a group which has adopted Vehbi Koç's principle of "I live and prosper with my country", we immediately mobilized our comprehensive aid efforts after the devastating earthquakes which struck last year. After meeting the urgent needs in the region from the very first day following the disaster, we established our "Cities of Hope" consisting of 5,000 container dwellings, able to house approximately 20,000 people in Adıyaman, Antakya, İskenderun, Kahramanmaraş and Malatya. We will continue to support our citizens in these cities and build their renewed hopes. I would like to take this opportunity to sincerely thank the Koç Group employees and all others who contributed for their devoted work in this process.

Due to our increasingly globalized business and ecosystem, we closely monitor political developments around the world. It appears that geopolitical uncertainty will continue for some more time, especially until the global balance of power, which had been shaken by the rise of China, is re-established. The miscalculations made by the West in persistently ignoring the problems in other countries have invalidated the West's claim to global leadership. The most recent example of this is the events in Palestine that started in October 2023, which have turned into a humanitarian disaster. Meanwhile, for the last two years, no sincere efforts have been taken to bring about peace in Ukraine, which has witnessed destruction on a scale similar to that seen in Palestine. The USA is seeking to assert its presence in the Asia-Pacific in its struggle for hegemony against China and has sought to draw India, which traditionally adopts an independent foreign policy, on her side. We are living in times when "government-guided industrial policies" are coming to the forefront once again in the USA and the EU as they seek to increase the global competitive clout of their economies. In this period, the virtue of the invisible hand of the markets is also being called into question.

Rising xenophobic tendencies in Europe and the U.S. presidential election of 2024 are processes that may possibly affect the upcoming period.

The performance of the global economy exceeded expectations in 2023. Global inflation, which rose to a 40-year peak in 2022, receded. Growth in the global economy, meanwhile, remained at a respectable 3.1%. The regional discrepancies in growth performances seen last year are expected to continue in 2024, and we are keeping a very careful eye on the weakness in the economies of European countries, which are our key export markets.

In our country, the new economy team appointed after last year's elections has resumed implementing rational policies. Steps were taken in the right direction in a number of areas, especially in monetary policy. In order to accelerate the foreign capital inflows, which our economy so vitally needs, it is imperative that we do not depart from the rational policy framework. Despite these encouraging developments, it is clear that restoring balance in the economy will require more time. For example, no significant decrease in inflation is expected until the end of 2024. Managing the budget and current account deficits, which have widened for various reasons, is now expected to be a key economic policy priority.

Despite the geopolitical and economic uncertainties affecting our activities, the Koç Group wrapped up 2023 with extremely strong set of financial results. We owe this success, which is a cause of tremendous satisfaction for us, to our competent human resources and our prudent management approach, that are strengthened with ambitious transformation programs complementing one another.

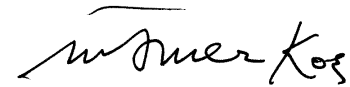
In line with our strategic vision, we press ahead with our investments both in our existing businesses and in new areas of business. Arçelik entered an agreement with Whirlpool, one of the world's leading manufacturers of home appliances, to acquire its production, sales and marketing subsidiaries in Europe. Moreover, Tofaş reached an agreement with Stellantis to acquire the Turkish sales and distribution

company. The approval of the Turkish Competition Authority is awaited for Tofaş's acquisition. Ford Otosan continues its investments in new vehicle models as one of the Europe's largest manufacturer of electric commercial vehicles. Meanwhile, we are pressing ahead with our investments in renewable energy. As life expectancy increases around the world, leading to an ageing of the population, we invest in the health sector and monitor opportunities in this field. While we remain a majority shareholder in Yapı Kredi Bank, we have sold some of our shares to international institutional investors. We completed the sale of our shares in Tat Gıda. With our stronger liquidity, we will maintain our work with the aim of creating long-term value for all our stakeholders in the coming period.

As we always emphasize, the century-old Koç Group's proudest achievement is its strong reputation among the stakeholders. Last year, we had the pleasure of being named our country's most reputable brand again. In addition to our commercial successes, the activities we pioneer in the social development sphere also play an important role in this. However, the most valuable element of our reputation is our commitment to the Republic and its core values. We are aware that the dreams which the Great Atatürk had for this country a century ago and his vision of a contemporary civilization go far beyond what has been achieved so far. The Koç Group has been working with all its might to realize these dreams for a century. We will continue to work even harder to ensure a modern and prosperous future for our country.

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

Sincerely



**Ömer M. Koç**  
Chair of the Board of Directors

## Board of Directors Report

### Dear shareholders,

Welcome to Koç Holding's 60<sup>th</sup> General Assembly Meeting.

We hereby present Koç Holding's 2023 Annual Report for your evaluation. The first section of the report provides general information about Koç Holding, its strategies and operations in 2023, while the rest of the section sets out the developments in its core business segments. In addition, the Koç Group's sustainability initiatives are discussed in detail, along with the strategies devised and the developments that took place. The second part of the report contains externally audited consolidated financial statements and accompanying notes, as of the 31 December 2023 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.

As per the announcements of the CMB and the Public Oversight Authority, TAS 29 Financial Reporting in Hyperinflationary Economies has been applied in the preparation of the consolidated financial statements for the year ended 31 December 2023.

Dear shareholders,

The centennial of our Republic gave us a historic occasion to merrily celebrate and cherish and take pride in. Almost coeval with the Turkish Republic, the Koç Group has always owned and stood up for our Republic's principles and values, and been at the service of our country with

its investments targeted at the economy and social advancement. As it has done for one hundred years, our Group will keep enshrining our Republic and working devotedly to always achieve the better.

On behalf of Koç Holding's Board of Directors, I would now like to share our main assessments for 2023.

### Economic Developments

During 2023, central banks in the world persisted with tight monetary policies. The US Federal Reserve System (the Fed) increased its policy corridor from 4.25%-4.50% at year-end 2022 to 5.25%-5.50% as of July, whereas the European Central Bank (ECB) upped its weekly borrowing rate from 2.5% at year-end 2022 to 4.5% as of September. By end-2023, major central banks declared the end of rate hikes.

Commodity prices followed a lower course as compared to 2022. Benchmark price of natural gas slumped from 74 EUR/MWh at the end of 2022 to 31.6 EUR/MWh at the end of 2023, whereas Brent oil declined from USD 83.6 a barrel to USD 77.6 a barrel. In the same timeframe, LME metal prices index dropped by 5.6% and the UN FAO food price index (FFPI) by 10.6%.

Inflation decreased owing to tight monetary policies and declining commodity prices led by energy. In the twelve months to year-end 2023, inflation went down from 6.5% to 3.4% in the US, from 9.2% to 2.9% in the Euro Zone, from 10.5% to 4% in the U.K., and from 4% to 2.6% in Japan.

In many countries, inflation eased without the central banks having to cool the economies significantly. As a result, growth in the world was higher than projected in 2023. According to January 2024 estimations of the IMF, worldwide growth was 3.1%, that of developed countries was 1.6% and that of emerging countries

was 4.1%. As an exception, growth in the Euro Zone remained limited at 0.5% as anticipated because of the lack of access to cheap energy due to the Russia-Ukraine War and China's reduced import demand.

In Turkey, the low-rate policy initiated in 2021 persisted through the first half of 2023. Although loan rates were seemingly low, access to loans was restrained due to macro-prudential measures. As a result of the CBRT's interventions in an effort to control the demand for foreign currency, the Turkish lira depreciated against foreign currency slowly, but steadily. In this period, domestic demand was high because of high inflation expectation.

The second half of 2023 has seen the comeback of rational economy policies with the new economy administration's taking over office. The CBRT increased the policy rates, which was 9% at the end of 2022 and 8.5% in May 2023, to 42.5% at year-end 2023. In the same timeframe, macro-prudential measures were also lifted gradually. Hence, credit and deposit rates hiked sharply paralleling the policy rate; credit access, however, eased relatively. FX-protected TL deposits started diminishing as deposit rates elevated and regulatory arrangements were enforced. To curb the budget deficit, on the other hand, taxes were increased. With the transition to rational economy policies, foreign portfolio inflows started particularly as of the third quarter of the year. Portfolio inflows picked up speed in the fourth quarter due to increased confidence in the central bank's policies.

The Turkish Lira depreciated significantly at the onset of the second half of 2023. The rise in exchange rates, post-election price hikes and tax increases caused the inflation to rise in the second half of 2023. At the end of 2023, annual consumer prices



inflation was 64.8% and annual producer prices inflation was 44.2%. The US dollar gained value by 57% and went up from 18.7 TL to 29.4 TL, while Euro gained value by 63% to shoot up from 19.9 TL to 32.6 TL from year-end 2022 until year-end 2023.

Driven by strong domestic demand, Turkey grew by 4.5% in 2023 on a year-on-year basis. Real household consumption in 2023 was up by 12.8% as compared to 2022. As exports edged up by a mere 0.5% over 2022, imports declined by 0.5%. Rise in industrial production was also limited at 0.9%. As tourism contributed positively to growth in 2023, the number of foreign tourists increased by 10.4% as compared to 2022.

### The Koç Group and Koç Holding

The Koç Group is Turkey's largest industrial and services group in terms of revenues, exports, number of employees and market capitalization. Our combined revenues correspond to around 8% of Turkey's GDP and our exports account for around 7% of Turkey's total exports. As of 31 December 2023, Koç Holding and our publicly traded companies at Borsa İstanbul 100 index (BIST 100) accounted for 22% of the total market capitalization of the companies listed on BIST 100.

Koç Holding is the only Turkish company to be listed among the "World's Largest 500 Companies" by Fortune. In addition, Koç Holding was once again ranked as Turkey's number one in the "World's Best Employers" list published by Forbes in 2023.

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

Koç Holding preserved its strong financial position in 2023 thanks to its diversified portfolio structure, healthy balance sheet and effective risk management.

In 2023, Koç Holding's combined revenues totaled TL 2,593 billion<sup>1</sup>. In the same period, its combined operating profit<sup>2</sup> decreased by 2% to TL 273.9 billion, while its consolidated net profit<sup>3</sup> stood flat at TL 72.2 billion.

Expanding our global presence, creating strong brands, generating ever more value for our customers and improving our human resources continued to shape our investments. The Koç Group's combined investments in 2023 amounted to TL 108.7 billion. The highest amount of investments was made in the auto sector, followed by the consumer durables and energy sectors.

R&D, innovation, technology and digital transformation remained among our main focus areas. Investing nearly TL 14.7 billion in R&D in 2023, 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 25 billion, supported in particular by our auto and consumer durables companies, contributing 29% to the Group's total combined revenues. Foreign currency and foreign currency linked revenues, including Tüpraş, made up 50% of total combined revenues.

### Energy

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

Our energy companies' combined operating profit was down by 5% year-on-year to TL 94.5 billion, while their consolidated net profit reached TL 26.3 billion.

**Tüpraş** continued to fulfill our country's need for petroleum products. The company recorded an 87.5% capacity utilization rate with a total charge of 26.2 million tonnes, including crude oil and semi-finished products, and produced 24.9 million tonnes of products in 2023. While meeting most of the country's demand with 23.8 million

tonnes of domestic sales in conjunction with the recovery in demand, a total of 30.1 million tonnes of sales volume was achieved including exports and transit sales. Under the Strategic Transformation Plan released in 2021, Tüpraş and its subsidiary Entek reached a total of 416 MW installed capacity in zero-carbon electricity. Within the scope of the Sustainable Aviation Fuel (SAF) production target, basic engineering studies were completed for the Ecofining Unit licensed by Honeywell UOP. In line with the green hydrogen manufacturing focus of Tüpraş, which is Turkey's biggest hydrogen producer, basic engineering work was finalized for the installation of a 20 MW-pilot electrolyzer.

**Aygaz** sold 2.7 million tonnes of LPG in 2023. Maintaining its unbroken leadership in the LPG sector with Aygaz and Mogaz brands, the Company retained its leading position also in the autogas segment with 1,830 licensed autogas stations as well. United Aygaz LPG that started its sales operations in Bangladesh as of August 2022 sold 58,695 tonnes of LPG in 2023.

In the reporting period, **Opet's** white products sales increased in parallel to the market growth. In the retail segment, however, Opet increased its sales by 15%, outperforming the market's 11%. Ranking second in the retail segment, Opet pursues its operations with 1,866 fuel oil stations and 1.1 million m<sup>3</sup> of storage capacity.

In 2023, Entek's total installed capacity was 492 MW of which 380 MW was in zero-carbon electricity installed capacity. The evaluation process was completed for all applications filed with the Energy Market Regulatory Agency for an additional capacity of 1.5 GW with the promise to establish a storage facility. In the project that entails 11 projects with a total capacity of 653.3 MW for which preliminary license approval has been received and one license amendment for an additional 65 MW-capacity which has been accepted, development and permission processes were commenced.

(1) Koç Holding's total 2023 net consolidated revenues amounted to TL 1,604.6 billion as a result of the deduction of TL 61.7 billion, due to the elimination and other adjustments made for consolidation purposes pursuant to international accounting standards, and of TL 926.9 billion, due to accounting of joint ventures with equity pick up methodology, made from Koç Holding's combined revenues for 2023.

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

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

(4) Based on TurkStat "Gross Domestic Expenditure on R&D by Sectors and by Funding Source" 2022 data

## Board of Directors Report

### Automotive

Through its automotive companies, the Koç Group accounted for 44% of Turkey's total automotive production and 37% of its automotive exports. TürkTraktör realized 79% of Turkey's total tractor exports and 56% of total production in Turkey, while preserving its leading position in the domestic market for the 17<sup>th</sup> consecutive year.

The combined operating profit<sup>1</sup> of our automotive companies surged by 51% annually to reach TL 70.0 billion and their consolidated net profit reached TL 35.1 billion, indicating an increase of 42%.

**Ford Otosan**, with a production capacity of 746,500 vehicles, is Ford's largest commercial vehicles manufacturer in Europe, and Turkey's top export company. 70% of the commercial vehicles Ford sells in Europe are manufactured by Ford Otosan. High demand for Ford's vehicles continued in 2023, and Ford's unbroken leadership in the European commercial vehicle market made it to its 9<sup>th</sup> year. Within the frame of investment plans, Ford Otosan transferred the manufacturing of Courier vehicles from its Yeniköy Plant to Romania Plant, where it initiated the production of new generation Courier vehicles in the fourth quarter of 2023. The home-to-be of the manufacturing of 1-tonne commercial vehicles, Yeniköy Plant's opening took place on 4 November 2023. The manufacturing of the internal combustion version of the new generation Custom started at Yeniköy Plant in the 4<sup>th</sup> quarter of the year. In 2023, Ford Otosan manufactured 14,888 units of E-Transit, which is Turkey's and Ford's first all-electric commercial vehicle.

Ford Trucks kept growing production and sales numbers also in 2023 and the production capacity of Eskişehir Plant went up to 22,500.

Ford Otosan realized 77% of Turkey's commercial vehicle production and 37% of Romania's vehicle production.

In 2023, **Tofaş** took its 7 millionth vehicle off the production line. Besides its sustained leadership in the industry over the past five years, Tofaş captured significant market growth in all brands it represents with the added support lent by the electric vehicles it has presented to the market. Egea, with its updated versions, has succeeded in being Turkey's most preferred car for the eighth year in a row.

The framework agreement concluded between Koç Holding and the Stellantis Group in March 2023 was followed by the acquisition agreement signed by Tofaş and Stellantis Türkiye in July. Under this strategic partnership, it was covenanted that the commercial operations of all Stellantis brands in Turkey will be gathered under the Tofaş roof, and the new K0 model planned for different brands in the medium light commercial vehicles segment will be manufactured at Tofaş. Pending for necessary regulatory approvals including the approval of the governing competition authorities, the deal is expected to be consummated in 2024.

**TürkTraktör** has retained its leadership in the sector that has been unbroken for 17 years in Turkey, the world's fourth largest tractor market. Having broken a new record with 51,423 tractors manufactured in 2023, TürkTraktör offers high performance coupled with efficiency to farmers, a strength enabled by the new generation motor technology that has

Phase 5 emission level. Carrying on with its efforts to take local production further, TürkTraktör produced the 1000<sup>th</sup> domestic backhoe loader in 2023, an important milestone in the construction machinery front.

In 2023, **Otokar** has been the most popular bus brand in Turkey, and remained the market's leader for the 15<sup>th</sup> consecutive year. Otokar acquired Mauri Bus System, its dealer in Italy since 2010, and incorporated its new subsidiary Otokar Italia S.r.l. KENT Hydrogen, the city bus that uses a hydrogen fuel cell as its power source, and the electrical e-Territo bus joined the product array. Autonomous electrical e-Centro, which has Level 4 autonomous driving technology, took its place in the product portfolio in 2023.

Otokar expanded its product line with the addition of Turkey's first domestic engine-powered 8x8 armored combat vehicle. In addition, Turkey's first heavy unmanned tracked armored vehicle, ALPAR was developed and showcased to the world.

In 2023, **Otokoç** captured 8% of the total market with new vehicle sales. The Company retained its leadership among corporate brands with 32,827 vehicles in the second-hand vehicle sales. As Otokoç drives the development of Turkey's mobility ecosystem, it perseveres its operations with a focus on growing together with startups.

### Consumer Durables

Arçelik, the Koç Group's leading company in the consumer durables segment, maintained its domestic leadership in the Turkish white goods market. Arçelik, the market leader in Turkey, also maintained its leader position with the Arctic brand in Romania, Dawlance in Pakistan and Defy

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

in South Africa. Beko, its global brand and one of the top three brands in the European territory in six basic appliance categories combined, maintained its leadership position in the UK and France white goods markets.

The combined operating profit<sup>1</sup> of our consumer durables companies increased by 37% annually to TL 13.3 billion while consolidated net profit rose by 32% to TL 4.0 billion.

**Arçelik** signed a Participation Agreement to acquire the European sales, manufacturing and distribution subsidiaries of Whirlpool, one of the world's leading white goods manufacturers. Accordingly, it is envisaged that Arçelik's subsidiary Beko B.V. will become the majority shareholder in Beko Europe B.V. with a shareholding ratio of 75%, and 25% will be allocated to Whirlpool. Beko Europe B.V. will take over Arçelik's 25 European subsidiaries and 2 production facilities in Romania, as well as Whirlpool's 14 production facilities and 38 subsidiaries in nine locations in Italy, Poland, Slovakia and the U.K. The necessary approvals have been received from the regulatory authorities for the merger transaction and the process regarding the closing of the transaction is expected to be completed soon.

In Egypt, where it has been pursuing operations since 2012, Arçelik will start manufacturing at the plant which is in construction phase with an investment of USD 100 million and is slated for going live in the first quarter of 2024. In order to strengthen its position in the Bangladeshi market it has stepped into in 2019 with the acquisition of Singer, the Company laid the foundations of its new facility with a planned total investment cost of USD 78 million.

Arçelik carried out a Eurobond issue worth USD 400 million with a maturity date of 25 September 2028. The facility was the first Eurobond issuance by a private sector company in Turkey in almost two years. On 17 November 2023, an additional issue for an additional USD 100 million was carried

out with the same maturity and the same interest rate, and the total amount of the Eurobond reached USD 500 million.

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

While **Arçelik-LG** preserved its leadership in the domestic air conditioner market, it exported approximately 35% of its AC production to numerous countries led by European and African markets. In 2023, Arçelik-LG achieved its production and sales target of 1,000,000 sets of split AC units.

Sustaining its leader position in the Turkish electronics retail sector, **Bilkom** ranked 123<sup>rd</sup> in Fortune Turkey 500 list. The Company is the unchanged number 1 distributor of tablet and portable computers in Turkey for the past three years in a row.

#### Finance

Yapı Kredi, the Koç Group's flagship company in finance, is the 4<sup>th</sup> largest private bank with TL 1,863 billion of total assets<sup>2</sup>.

The combined operating profit of our finance segment decreased by 23% annually to TL 96.0 billion while the consolidated net profit decreased by 46% to TL 10.2 billion.

**Yapı Kredi**<sup>2</sup> continued to diversify its funding sources and obtained around USD 4.1 billion in total through products such as syndication, securitization, bond issuances and bilateral loans. In the first half of the year, the Bank secured a syndicated loan of USD 580 million which was participated by 35 banks from 21 countries. The facility that constitutes Yapı Kredi's first social syndicated loan will be allocated for foreign trade financing of customers in provinces affected by the earthquake. In the second half of the year, on the other hand, Yapı Kredi obtained a

syndicated loan for the amount of USD 755 million, which was participated by 39 banks from 22 countries. Linked to Yapı Kredi's sustainability criteria, this facility will be utilized for foreign trade finance.

Offering financing solutions on the back of its broad product array, **Koçfinans**<sup>2</sup> is a leading company in its sector with total assets worth TL 17.4 billion and ranks second in terms of portfolio volume.

#### 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<sup>1</sup> of our other sectors increased by 278% annually to TL 0.2 billion, while consolidated net loss was TL 3.3 billion.

**Tat Gıda**<sup>3</sup> has led the transformation that will give everyone access to good and wholesome food. As part of portfolio optimization, the Company was sold to Memişoğlu Group in 2024.

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

**Koçtaş** kept consolidating its leadership in the home improvement retail sector. In 2023, the Company has become the one and only marketplace in the Turkish home improvement sector with its digital store koctas.com.tr.

**Setur** expanded its agency network by 13% in keeping with its strategy to grow in domestic tourism. Realizing its first investment abroad, the Company started the duty free operation in the Cologne-Bonn Airport, Germany's fifth largest airport, on 1 June 2023.

**Setur Marinas** is the leader in the Turkish marina operation sector with the 20% market share it has captured.

**The Divan Group** sustained its rapid growth while also diversifying its portfolio with the catering units that came into service in 2023.

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

(2) Data pertaining to Yapı Kredi and Koçfinans are based on amounts drawn up and publicly disclosed by Yapı Kredi and Koçfinans pursuant to the Banking Regulation and Supervision Agency (BRSA) requirements.

(3) As of 19 February 2024, Koç Holding does not have any shares in Tat Gıda.

## Board of Directors Report

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

Our IT company **KoçSistem** acquired more than 180 new customers for its portfolio in 2023.

Retaining its title as the leading artificial intelligence company in Turkey, **KoçDigital** pursues its advanced analytics works with the target of sustainable artificial intelligence in various areas ranging from supply chain management to human resources analytics.

**Token** Financial Technologies provides new generation payment solutions to businesses with its internally developed technologies ranging from physical payment devices to online payments.

Turkey's top exporter of electric motors, **WAT** opened its second R&D center focused on power and control electronics and embedded software in İstanbul, in addition to its R&D center working on electric motors.

With an expanding charging station network, **WAT Mobilite** keeps gaining further strength with a share of 43% DC in charging units at more than 126 locations in 37 provinces as of end-2023.

A Netherlands-based healthcare technology company affiliated to the Koç Group, **Koç Medical BV** has two companies affiliated to it: Koç Yaşa Çok Yaşa Medikal A.Ş., and Bıçakçılar Global Tıbbi Ürünler Sanayi ve Ticaret A.Ş., a company that has been engaged in medical devices for 60 years which was wholly acquired in July 2023. With these two companies, it is intended to expand export markets while increasing the diversity of the healthcare technology product range. The two companies were merged on 30 December 2023.

### Sustainability

Koç Holding manages its sustainability activities within the frame of its "Lead. Together" partnership strategy that has been approved by the Board of Directors and publicly disclosed.

As part of this strategy, material issues are reviewed once in every three years in view of stakeholder expectations and global trends. According to the materiality analysis conducted in 2023, "low carbon transition and clean technologies" were stated as the top priority material issues by all stakeholders.

In line with its 2050 carbon neutrality target, Koç Holding targets to reduce its direct (Scope 1 and Scope 2) greenhouse gas emissions by 27% by 2030 and by 49% by 2040. While 2% reduction was achieved in the Group's direct greenhouse gas emissions on a year-on-year basis, the reduction since 2017 baseline year is 13%.

According to the results of the materiality analysis, external stakeholders identified "social and economic contribution" as the area in which highest performance was displayed, whereas for internal stakeholders, it was "short- and long-term support following natural disasters". In 2023, following the earthquakes that occurred on February 6<sup>th</sup>, Koç Holding saved 117 citizens from under the rubble in its search and rescue efforts, and provided aid to fulfill fuel, heating and basic necessities. Koç Holding set up Hope Cities comprised of 5,000 living containers to respond to the sheltering need in the area, which also cater to social needs such as education, culture, arts and sports while also creating employment opportunities.

### Employment and Relations with Trade Unions

The total number of employees working in Koç Holding, its subsidiaries and business partnerships stood at 119,306 as of the end of 2023. The consumer durables sector accounted for the highest level of employment, with a 35% share in the total. It was followed by the auto and finance sectors, which accounted for 34% and 14% of the total number of employees, respectively.

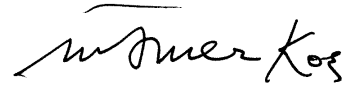
A total of 7 collective bargaining agreements were signed in 5 of our companies during 2023 and good workplace relations were maintained in terms of employment and union relations.

Dear shareholders,

On behalf of the Board of Directors, we would like to express our gratitude to our esteemed shareholders, our customers, our dealers, our suppliers, our supply industry, our business partners, our union members who have been unstinting in their continuous trust in the Koç Group, and to our employees whose outstanding and dedicated contributions have contributed so greatly to our success.

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

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



Ömer M. Koç  
Chair of the Board of Directors



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

## 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 balance sheet as at 31 December 2023 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, 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 198.*

## Consolidated Balance Sheet

(TL million)	2022	2023
Total Currents Assets	1,634,866	1,712,378
Total Non-Currents Assets	1,182,450	1,146,587
Total Assets	2,817,316	2,858,965
Total Short Term Liabilities	1,888,144	1,865,813
Total Long Term Liabilities	319,239	318,880
Total Liabilities	2,207,383	2,184,693
Total Equity	609,933	674,272
Total Liabilities & Equity	2,817,316	2,858,965

## Consolidated Income Statement

(TL million)	2022	2023
Total Revenue	1,715,942	1,604,647
Total Costs	-1,310,999	-1,228,000
Gross Profit	404,943	376,647
Operating Profit	240,746	222,656
Profit Before Tax	183,566	152,695
Tax Income / (Expense)	-53,990	-34,962
Profit for the Period	129,576	117,733
Equity Holders of the Parent	72,662	72,230
Earnings Per Share (Kr)	28.663	28.493

## 2023 Board of Directors



**Rahmi M. Koç**  
Honorary Chair



**Ömer M. Koç**  
Chair



**Ali Y. Koç**  
Vice Chair



**Semahat S. Arsel**  
Member



**Caroline N. Koç**  
Member



**İpek Kıraç**  
Member

- For the CVs of the BoD members, see pages 180-183.

- 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 13 in the Informative Document on page 336.

- The key management of Koç Holding is identified as the Chair and members of the Board of Directors, the CEO and presidents. Information on total key management compensation incurred by Koç Holding in 2023 is available in note 30 of the financial tables (see page 301).





**Levent Çakıroğlu**  
Member & CEO



**Jacques A. Nasser**  
Member



**Emily K. Rafferty**  
Independent Member



**Cem M. Kozlu**  
Independent Member



**Peter Martyr**  
Independent Member



**Michel Ray de Carvalho**  
Independent Member

## Dividend Policy

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

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

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

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

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

## Dividend Proposal

Based on the consolidated financial statements for the accounting period of 1 January - 31 December 2023 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:

The net profit attributable to equity holders of the parent achieved in the financial statements prepared according to TFRS amounts to TL 72,230,346,000 whereas in the statutory records the current year profit (recorded under the Prior Years Profits/(Losses) account after application of inflation accounting) amounts to TL 20,411,523,035.

- 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;

It was observed that in the statutory financial statements after application of inflation accounting, the Prior Years Profits/(Losses) account, which includes TL 20,411,523,035 of Current Year Profit, has a total negative balance of TL 36,455,356,380; yet there are enough Inflation Adjustment Reserves associated with equity accounts to offset losses of TL 56,866,879,415. Accordingly, in the

statutory financial statements, net distributable profit amounts to TL 20,411,523,035.

On the other hand, the net profit attributable to equity holders of the parent achieved in the consolidated financial statements amounting to TL 72,230,346,000 is determined as the distributable dividend base and TL 72,476,009,992 is determined as first category dividend base after addition of donations made to foundations and associations amounting to TL 245,663,992 (stated as according to purchasing power of Turkish Lira at 31 December 2023) to distributable dividend base.

- ii. Considering the Capital Markets Board Regulations, the Company's Articles of Association and the Dividend Policy, the profit distribution is determined as:
  - TL 3,623,800,500 as first category dividend to shareholders,
  - TL 20,000,000 to Koç Holding Pension Fund Foundation as per article 19/c of our Articles of Association
  - TL 2,163,106,533 to holders of usufruct certificates as per article 19/d of our Articles of Association,
  - TL 16,663,383,900 as second category dividend to shareholders,
- iii. The sum of first and second category dividend amounting to TL 20,287,184,400 is proposed to be paid in cash;
- iv. Dividend payments of TL 20,287,184,400, payment of TL 2,163,106,533 allocated

to usufruct shareholders and payment of TL 20,000,000 allocated to the Koç Holding Pension Fund Foundation, amounting to a total of TL 22,470,290,933 will be paid in cash and sourced from current year taxable earnings in TFRS financial statements.

- v. As per the statutory records, due to tax regulations no setoff shall be made amongst the equity account items related to the effects of inflation accounting and as such; with regards to the sources of total cash payments of TL 22,470,290,933, TL 20,411,523,035 shall be sourced from current year taxable earnings; whereas the remaining TL 2,058,767,898 shall be sourced from extraordinary reserves.
- vi. It is further resolved that the dividend will be distributed in cash to the resident entity taxpayer shareholders and non-resident taxpayer shareholders obtaining dividend income through an office or a permanent representative in Turkey as (gross=net) TL 8.00 for shares with a nominal value of TL 1 (800%) and, to the rest of our shareholders as gross TL 8.00 (TL 7.20 net) for shares with a nominal value of TL 1 (gross: 800%; net: 720%).
- vii. The remaining amount after all payments amounting to TL 49,760,055,067 in TFRS financial statements, shall be transferred to retained earnings.
- viii. The profit distribution date is determined as 24 April 2024.

## Dividend Distribution Table

### Koç Holding A.Ş. Profit Distribution Proposal for 2023 (TL)

1. Paid-in capital *		2,535,898,050
2. General legal reserves (as per statutory records) **		515,256,674
Information concerning preferred shares, if, as per the company Articles of Association, there are any privileges for preferred shares in distribution of dividend: No		
	<b>As per Capital Markets Board</b>	<b>As per Statutory Records</b>
3. Profit for the period	152,695,000,000	21,636,616,536
4. Taxes (-)	34,962,000,000	1,225,093,501
5. Net profit (=) ***	72,230,346,000	20,411,523,035
6. Prior years' losses (-)	-	-
7. Legal reserve fund (-)	-	-
<b>8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)</b>	<b>72,230,346,000</b>	<b>20,411,523,035</b>
Dividend Advance Distributed (-)	-	-
Dividend Advance Less Net Distributable Current Period Profit	72,230,346,000	20,411,523,035
9. Grants made during the year (+)	245,663,992	-
<b>10. Net distributable profit including grants</b>	<b>72,476,009,992</b>	<b>20,411,523,035</b>
11. First category dividend to shareholders		
- Cash ****	3,623,800,500	126,794,903
- Shares	-	-
<b>- Total</b>	<b>3,623,800,500</b>	<b>126,794,903</b>
12. Dividends distributed to preferred shareholders	-	-
13. Other dividends distributed	20,000,000	20,000,000
- Members of the Board of Directors	-	-
- Employees (Koç Holding Pension and Assistance Foundation)	20,000,000	20,000,000
- Non-shareholders	-	-
<b>14. Dividends distributed to holders of usufruct right certificates</b>	<b>2,163,106,533</b>	<b>2,163,106,533</b>
<b>15. Second category dividend to shareholders</b>	<b>16,663,383,900</b>	<b>18,101,621,599</b>
16. Legal reserve fund	-	-
17. Status reserves	-	-
18. Special reserves	-	-
<b>19. EXTRAORDINARY RESERVES</b>	<b>49,760,055,067</b>	-
20. Other sources planned for distribution	-	2,058,767,898
- Prior years' income	-	-
- Extraordinary reserves	-	2,058,767,898
- Other distributable reserves as per the legislation and Articles of Association	-	-

### Koç Holding A.Ş. Information on Dividend per Share for 2023

GROUP	TOTAL DIVIDEND AMOUNT	TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE FOR 1 TL NOMINAL VALUE
A	5,430,187,378.39	-	7.52
NET B	13,742,163,087.35	-	19.03
<b>TOTAL</b>	<b>19,172,350,465.74</b>	<b>-</b>	<b>26.54</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.

(\*) The amount represents registered capital. In the statutory records, the amount of inflation adjustments associated with capital is TL 51,621,336,225.

(\*\*) The amount represents the nominal general legal reserves. Due to inflation accounting, in the statutory records, the amount of inflation adjustments associated with general legal reserves (i.e. the sum of legal reserves and issue premiums) is TL 9,637,076,122.

(\*\*\*) In the statutory financial statements, after application of inflation accounting, the Prior Years Profits/(Losses) account, which includes TL 20,411,523,035 of Current Year Profit, has a total negative balance of TL 36,455,356,380; yet there are enough Inflation Adjustment Reserves associated with equity accounts to offset losses of TL 56,866,879,415.

(\*\*\*\*) The first dividend amount as per statutory records is calculated based on the nominal registered capital amount.

## 2024 Board of Directors Candidates

**Rahmi M. Koç**

**Ömer M. Koç**

**Ali Y. Koç**

**Semahat S. Arsel**

**Caroline N. Koç**

**İpek Kıraç**

**Levent Çakıroğlu**

**Jacques A. Nasser**

**Cem M. Kozlu** (Independent)

**Peter Martyr** (Independent)

**Michel Ray de Carvalho** (Independent)

**Ömer Önhon** (Independent)

*See pages 180-183 for the CVs.*

## Remuneration Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) The key management of Koç Holding is identified as the Chair and members of the Board of Directors, the CEO and presidents. Information on total key management compensation incurred by Koç Holding in 2023 is available in note 30 of the financial tables (see page 301).

## CEO's Letter



With the strength we draw from our corporate culture that has evolved over a century and our constantly improving competitiveness, we create value for all our stakeholders with the aim of bringing about a better world without deviating from our goal of profitable and sustainable growth. We are progressing towards our second century with tremendous self-confidence by building the reputation of the Koç brand.

Last year, we celebrated with pride and excitement the 100<sup>th</sup> anniversary of our Republic, Gazi Mustafa Kemal Atatürk's most valuable legacy to our nation. The Koç Group, which will itself reach this remarkable milestone in two years, is an institution of the Republic that has led the economic realization of the Republic's vision for a century. We have become one

of our country's pioneers in the journey towards contemporary civilization with our social development efforts, inspiring all of the stakeholders. Today, we glorify our Republic not only with our activities at home, but also with our achievements all over the world. We will continue to work devotedly in our Group's second century by upholding the values of the Republic with an awareness of our responsibility to strive for greater success.

The devastating earthquakes that struck our country at the beginning of such a meaningful year caused immense grief to us all. The Koç Group responded to the disaster by immediately rushing to the aid of the victims, supporting search and rescue efforts, and meeting the urgent needs of all those affected. We then shortly built and prepared our Cities of Hope to provide temporary housing for 20,000 people in five provinces in cooperation with the AFAD. To achieve this, we drew upon our Group's financial and human resources as well as on the supply and logistics offered by our extensive ecosystem. We believe these living spaces, created with a human-centric design and a sensitive consideration of the social and economic needs of our citizens, will help provide a reignition of hope in the region, going beyond housing. I would like to express my gratitude to all of our volunteers and stakeholders who made it possible to successfully implement this exemplary project of which we are proud. I would also like to point out that we have started a comprehensive assessment of the earthquake-related risks of our companies and business partners in the regions where we operate.

We left behind a year in which central banks around the world were successful in their efforts to tackle inflation that reached a 40-year peak. The interest rates, which had to be increased during this fight against inflation, are expected fall in 2024, barring any unexpected negative developments. 2023 also marked the year where China, equipped with superior strategic technologies, emerged as the world's leading automotive exporter, while India, a rising power that has surpassed key

Western countries in terms of the number of scientific publications, succeeded in landing a robot on the moon. The USA and the EU are announcing large-scale incentive packages focusing particularly on digital and green transformation in order to maintain their technological and economic superiority in the face of China's growing influence. As a group that seeks to grow globally, we maintain our strategic references for the future, all the while pursuing a close assessment of the risks and opportunities that accompany the abovementioned dynamics marked by rapid paradigm shifts and political turmoil.

In the first half of the year where access to loans was curtailed in our country, we utilized the benefits of managing our balance sheets, cash flow and liquidity with discipline. Continuation of the rational economic policies adopted after the elections in May will help bring about normalization in the economy. Although loan interest rates were increased in the second half of the year, access to loans was easier. However, a slowdown of domestic demand is expected in 2024. In this process, we will closely monitor the impact of likely appreciation in real terms of the Turkish Lira and the Euro-Dollar exchange rate on our export profit margins.

Despite the myriad of difficulties, we have left behind a year where we achieved successful financial performance, thanks to our healthy balance sheet, diversified portfolio structure, prudent management and sound business strategies.

In 2023, our consolidated revenues totaled TL 1,605 billion, while our net profit attributable to the equity holders of the parent share for the period stood flat at TL 72.2 billion. Our group's international revenues corresponded to around USD 25 billion. In line with our global vision of focusing on the competition of the future, we continued with new investments allocating USD 3.7 billion. Last year, we were yet again the only company from our country - to be included in the Fortune Global 500 list of the world's largest companies.

As I emphasize on every occasion, our multi-dimensional transformation programs, which enabled us to adopt a change friendly corporate culture, has played a key role in all we accomplished in the midst of ongoing uncertainties for years. Thanks to these programs, we are confident that we will achieve much greater success going forward with the digital competencies, agile management processes, data-based decision-making, efficient resource utilization discipline and, most importantly, our unique human resources equipped with the competencies of the era.

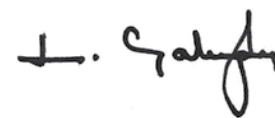
At the Koç Group, we have never interpreted the success limited to financial results. The reputation of Koç brand -the fruit of our century long efforts, dedication, fundamental corporate values and economic leadership- is our most valuable asset. Thanks to this approach sincerely adopted by all of our colleagues, once again we were recognized as the most reputable brand in Türkiye in 2023.

At the Koç Group, we place our people at the heart of our management philosophy. Hence, we are so proud to be ranked first in Türkiye by Forbes Magazine's "World's Best Employers" survey once again.

With the strength we draw from our corporate culture that has evolved over a century and our constantly improving competitiveness, we create value for all our stakeholders with the aim of bringing about a better world without deviating from our goal of profitable and sustainable growth. We are progressing towards our second century with tremendous self-confidence by building the reputation of the Koç brand.

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

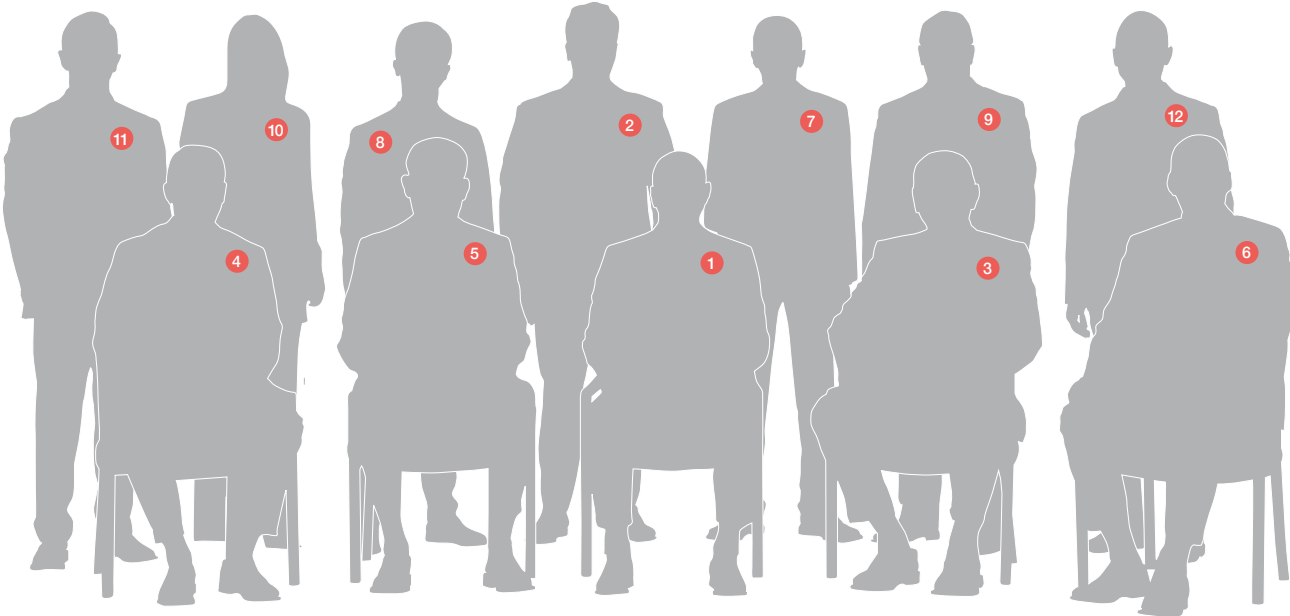
Respectfully,



**Levent Çakiroğlu**  
CEO

## Executive Management

- 1 **Levent Çakıroğlu**, CEO
- 2 **Polat Şen**, CFO
- 3 **Yağız Eyüboğlu**, President, Energy Group
- 4 **Dr. Fatih Kemal Ebiçlioğlu**, President, Consumer Durables Group
- 5 **Haydar Yenigün**, President, Automotive Group
- 6 **Gökhan Erün**, President, Banking Group
- 7 **Özgür Burak Akkol**, President, Tourism, Food and Retailing Group
- 8 **Kemal Uzun**, President, Audit Group
- 9 **Kenan Yılmaz**, Chief Legal and Compliance Officer
- 10 **Burçin Girit**, Corporate Communications and External Affairs Director
- 11 **Ali Utku Atalay**, Government Affairs Director
- 12 **Umut Günal**, Human Resources Director



- Upon the leave of Mr. Ufuk Çıplak effective as of 1 January 2024; Mr. Ali Utku Atalay was appointed as Government Affairs Director effective as of the same date.  
- For the CVs, see pages 184-186.  
- For information about the executive management members' transactions on their own or others' behalf within the framework of the authorization granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 13 in the Information Document on page 336.





## History

### 1920s

#### Establishment

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

#### First Ventures

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

### 1930s

#### First Joint Stock Company of Turkey

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

### 1940s

#### First International Operations

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

#### First Industrial Initiatives

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

### 1950s

#### New Sectors and Business Lines

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

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

### 1960s

#### The Foundation of Koç Holding and First Steps in Institutionalization

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

#### New Sectors and Business Lines

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

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

#### The First Private Foundation

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

## 1970s

### Focus on Exports

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

### New Sectors and Business Lines

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

### First Private Sector R&D Center

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

## 1980s

### Second Generation Takes Over

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

### Growth in Banking

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

### First Private Museum

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

### First Private Sector Education Institution

The Koç Group Education Center becomes operational in 1982.

## 1990s

### The End of an Extraordinary Life

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

### Successful Performance in Exports

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

## 2000s

### Third Generation Assumes Command

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

### Major Acquisitions and Disposals

In 2005, the Koç Group acquires Tüpraş and Yapı Kredi. Following the merger of Yapı Kredi Bank and Koçbank in 2006, Yapı Kredi Bank becomes the 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 Chair

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

### Extensive investments are initiated

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

## Today

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

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

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

## 2023 Awards and Achievements

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### One of the World's Top 500 Companies

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

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### In the League of the World's Best Employers

Koç Holding was voted Turkey's best employer for the seventh consecutive year in "The World's Best Employer" survey conducted by Forbes. It has also been the only Turkish company featured in the list.

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### In the World R&D Expenditures List

Koç Holding and Ford Otosan were two of the five companies to make it from our country to the "2023 EU R&D Scoreboard" that lists the world's top 2,500 companies by R&D spending, which is published by the European Commission.

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### Global Lighthouse Network

The initiatives introduced by two of the Koç Group Companies, namely Ford Otosan and Arçelik, within the scope of the Digital Transformation Program were named among the best-in-class applications in the "Lighthouses Live" event organized by the World Economic Forum (WEF).

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### Export Champions

Four Koç Group companies were included in the list of Turkey's top 1,000 goods exporters at the "Export Champions Award Ceremony" organized by the Turkey Exporters Assembly with Ford Otosan ranked 1<sup>st</sup>, Tüpraş 2<sup>nd</sup>, Arçelik 7<sup>th</sup> and Tofaş 9<sup>th</sup>.

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### Among Turkey's 10 Largest Industrial Enterprises

In the "Top 500 Industrial Organizations" survey prepared according to 2022 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 (3<sup>rd</sup>), Arçelik (8<sup>th</sup>) and Tofaş (10<sup>th</sup>).

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### Most Admired Company

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

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### Most Reputable Company

For the twelfth year in a row, Koç Holding was named Turkey's most reputable brand in the "Turkey Reputation Index 2023" survey conducted by Turkey Reputation Academy with a sampling of 15,000 respondents in 72 provinces.

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### In the Diamond League of the Economy Benefit Index

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

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### Most Admired Employer

Koç Holding was placed 1<sup>st</sup> once again in "Turkey's Most Attractive Employers 2023" survey conducted by Universum by economic and administrative sciences students and professionals.

## Holding the Highest Number of Awards in the Best Employers Survey

23 Koç Group companies claimed Turkey's Best Employer 2023 award in the "Turkey's Best Employers" survey conducted by Kincentric that covered 380 companies from 40 different sectors.

## TISK Joint Future Award

At the "Joint Future: Possible Together" award program organized by the Turkish Confederation of Employer Associations (TISK), Koç Holding earned the "Special Award for Post-Disaster Solidarity" with its "Hope Cities" project that it has set up in Adiyaman, Hatay, İskenderun, Kahramanmaraş and Malatya together with the Group Companies under the coordination of AFAD, the Disasters and Emergency Management Presidency, comprised of 5,000 shipping containers that serve as temporary settlement for approximately 20,000 people and are noted with their social living spaces.

## Social Media Communication Awards

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

## Crystal Apple

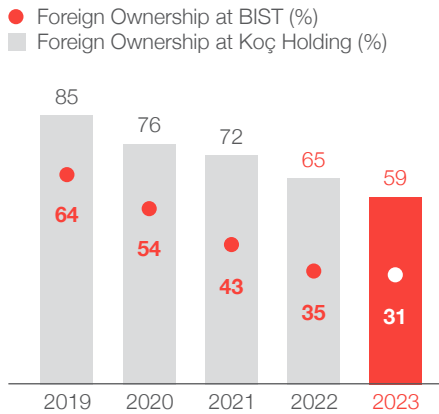
Koç Holding was honored with the big prize in the "Centennial of the Republic Special Category" at the Crystal Apple contest organized by the Advertising Association with its communication campaign produced for the Centennial of the Republic.

## Shareholder and Investor Relations

### TL 360 billion (USD 12.2 billion)

Koç Holding's market capitalization at the end of 2023

#### Foreign Ownership in Free Float<sup>1</sup>



(1) Based on annual average data from Yapı Kredi Invest. BIST average foreign ownership includes foreign strategic shareholders' share; excluding these shares, average foreign ownership is 25%.

(2) For the details of the shareholder structure, refer to page 167. Within the frame of the share buyback initiated based on the Board of Directors decision dated 01 July 2021, shares with a total nominal value of TL 890,475 (0.04% of the capital) in free float were repurchased by Koç Holding as at 31 December 2023, and there were no changes in the total nominal value of repurchased shares as of the date of this writing.

(3) Koç Holding, Arçelik, Aygaz, Ford Otosan, Otokar, Tat Gıda (As of 19 February 2024, Koç Holding has sold all its shares in Tat Gıda), Tofaş, TürkTraktör, Tüpraş, Yapı Kredi, Marmaris Altinyunus.

Koç Holding's majority shares are owned by the Koç Family and companies owned by Koç Family members, while 26.6% of its shares are publicly listed<sup>2</sup>. There are 11 publicly listed companies<sup>3</sup> including Koç Holding within the Koç Group. With listed companies accounting for approximately 90% of its net asset value, Koç Holding has a very transparent structure.

As of the end of 2023, the total market value of Koç Holding and the Koç Group companies constituted around 22% of the total market capitalization of Borsa İstanbul 100 Index (BIST 100 Index).

Koç Holding, with a market capitalization of TL 360 billion (USD 12.2 billion) as at year-end 2023, is the most valuable company on Borsa İstanbul. During 2023, Koç Holding share price increased by 73% on TL basis and by 10% on USD basis. Average foreign ownership ratio in the floating shares of Koç Holding was 59% in 2023 compared to 31%<sup>1</sup> for BIST.

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 14 roadshows and conferences were held in 2023, either in person or online, to reach investors resident both in Turkey and abroad with the participation of senior managers, and meetings with more than 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, and subsequently, their audio recordings and transcripts are posted on the website.

Koç Holding received the "Grand Prix for Best Corporate in Investor Relations in Emerging EMEA" at the "2023 Developed Europe and Emerging EMEA Equities Awards" organized by the Institutional Investor. Koç Holding also received the "Best Company in Investor Relations" and the "Best Team in Investor Relations" awards in its sector category in Large-Cap Emerging EMEA.

#### Why Koç Holding?

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

## Human Resources

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

As of the end of 2023, there were 119,306 people working in the Koç Group, including 91,125 in Turkey and 28,181 abroad.

### İçinde Koç Var

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

### Performance Management System: Koç Diyalog

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

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

During 2023, AI-based solutions that will support the OKR methodology were added to the Koç Diyalog performance system.

### Compensation Management System

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

Job grades which are the basis of the compensation management system are determined by job evaluations. An

international system is used to ensure that all jobs in all areas across the Koç Group are ranked according to their potential contribution to organizational goals and their responsibility levels.

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

### Fringe Benefit System

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

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

## Human Resources

### Agile Transformation

Agile transformation initiatives are carried on across the Koç Group, and the number of employees that espoused agile methods at more than 30 Group companies exceeded 14,000 as of 2023 year end.

Under the Koç Agile Academy roof aimed at supporting and accelerating the Group companies' transformation through training and development activities, more than 30 programs were launched in partnership with prestigious global institutions including Harvard Business School, MIT, Scruminc, Kanban University and Business Agility Institute. To date, more than 12,000 people benefited from Koç Agile Academy programs that cover training focused on technical competencies and leadership development. Over 150 senior executives participated in the Agile Leadership Program launched for the adoption of agile philosophy at leadership level.

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

### Talent Management Approach

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

### LEAD Training Programs

"LEAD" supports the Koç Group employees at different stages of their careers in the areas of leadership, strategy, change management and digital transformation with nearly 300 programs designed together with the top training companies in Turkey and in the world.

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

### KoçAkademi

KoçAkademi is an online video training platform for Koç employees and their families, offering numerous educational contents in a broad array of topics from information technologies to personal development, healthy living to family and hobbies. Having offered open access to whole Turkey during the course of the pandemic, the videos on the platform had over 9 million viewings.

### 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 own career paths. Group employees are given priority for filling open positions. KoçKariyerim is available for use also by non-Group candidates, giving access to career opportunities at the Group companies collectively on the platform. The developments made to the non-Group candidates platform are intended for increased effectiveness of use by the candidates. The artificial intelligence technology employed in the platform allows matching the candidates with the roles fitting their skills more quickly and accurately, and saves time in recruitment processes.



### Recruitment and Candidate Experience

Globally recognized assessment tools and inventories are used in the recruitment process, and “Candidate Experience Survey” is sent to regularly monitor applicants’ experience with the Group Companies’ recruitment process. The Recruitment Accreditation Program (RE-PAP) that has been in place for five years for the actively recruiting leaders across the Group is updated in collaboration with the Koç University and the Society for Human Resource Management (SHRM) to capture the current trends.

### Employee Experience and Satisfaction

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

### Hackathon

A new program was initiated to familiarize non-developer Group employees with the “Low Code - No Code” approach to help them find solutions to their own work-related needs by writing no or simple codes. Employees apply to this program which is co-conducted with Microsoft and designed in Hackathon format with their project ideas. During the three-day program, after employees are trained on Microsoft’s relevant platforms, they put their project ideas into practice by developing digital platforms. Generative AI solutions were added to the program scope in the reporting period.

### Koç Office Free

Group-wide surveys revealed the positive impact of remote working on productivity and satisfaction. The Koç Group has been the first major group to make remote working permanent. Through the Koç Office Free platform designed within the scope of the hybrid working model, employees, at their own choice, can plan their work either remotely, or from their own companies, or from any one of more than 70 shared offices located in Turkey and foreign countries individually or together with their teams.

### Industrial Relations

A total of 18 unions are organized across the Koç Group, 7 of them in Turkey and 11 in foreign countries. The Group strives to maintain strong and constructive social dialogue with these unions in accordance with European Union regulations, the Group’s human resources processes and the UN Global Compact, of which the Koç Group is a signatory.

Through the meetings held with the Industrial Relations Coordination Board and employee trainings, a sustainable and constructive industrial relations culture is developed across the Group. As always, the focus of these activities are to:

- ensure rapid adaptation of the Group companies to the changes in the framework governing work life,
- establish practices that will protect employee and community health and guarantee their continuity,
- introduce new practices to meet to the current needs of companies and employees, and deploy good practice examples to the Group.

### Occupational Health and Safety

The central Occupational Health and Safety (OHS) Unit of the Koç Group, in cooperation with the OHS Committee consisting of participants from the Group companies, work on strategies, roadmaps, management systems and standards that cover the entire Group.

During 2023, in collaboration with working groups composed of OHS Committee members, two new standards were drawn up and released; trainings about these standards were given, and compliance assessments were carried out. Furthermore, certain standards that were already published were updated in line with evolving needs and released.

### 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 more than 72,000 active members and more than 900 retired members.

## Human Resources

### **KoçAilem**

KoçAilem is Turkey's first and largest corporate privileges platform that makes the Koç Group employees, employees' families, pensioners, dealers and Koç University students feel privileged also in their social lives as part of the Koç Group family. KoçAilem gives privileged access to its 220,000 members to products and services of over 200 Group and non-Group companies in more than 15 sectors. In addition, the program aims to enhance member satisfaction and loyalty with benefits that have high interaction impact and enrich their social lives.

### **KoçAilem Peer to Peer Blood Donation Platform**

Introduced in response to declining blood donation stocks during the pandemic, the platform supports Koç employees. The platform brings the Koç Group employees or their relatives together with volunteer Koç employees in the event that they need blood. Under the program, more than 12,000 people have volunteered for blood donation.

### **KoçAilem Market**

KoçAilem Market is an e-commerce platform offering over 1,000 products of hundreds of brands in numerous categories from basic foodstuff to detergents and personal care products at affordable prices. During 2023, more than 90,000 orders were placed with KoçAilem Market that makes deliveries in all 81 cities in Turkey.

### **KoçAilem 2<sup>nd</sup> Hand Platform**

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

### **Koç Group Sports Club and Sports Festival**

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

Organized for the 34<sup>th</sup> time in 2023, the Koç Group Sports Festival was held with the participation of more than 6,000 employees from 15 countries across three continents. The festival ended with the Closing Ceremony held on October 1<sup>st</sup>.

In addition to the tournaments held in various disciplines, thousands of employees were given the chance to do sports in events such as the Istanbul Marathon, in which the Group took part collectively.

A number of initiatives were carried out at the KTSK Bağlarbaşı Woods, including the renovation of the football field, creation of a badminton court, construction of a new, modern picnic area and infrastructure improvements. In addition, within the scope of Office Free, thousands of employees enjoyed a pleasant working environment at the Woods throughout the year.

# Sustainability

## Lead. Together

Creating long-term, sustainable value 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. Enabled by talent, expansive networks, technology and

innovation, the main pillars of this strategy are business, people, the planet, and communities.



# Sustainability

## Sustainability Governance

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 Türkiye 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.

COMPANIES										
	 Koç	 Arçelik	 AYGAZ	 FORD OTOSAM	 Otokar	 TOFAŞ	 Tüpraş	 TürkTraktör	 YapıKredi	 İTİT
		✓								
	✓	✓		✓		✓	✓		✓	
	✓	✓		✓			✓		✓	
	✓	✓	✓	✓		✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		✓		✓			✓		✓	
	✓						✓			
		✓								

As of 31 December 2023

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 within Koç Group companies, the responsible works in coordination with the Company's environmental, human resources, finance, law, audit, procurement, 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 continuously improve its performance and reinforce its position in various indices such as the FTSE4Good, MSCI ESG, Borsa İstanbul Sustainability Index, S&P Global CSA (Dow Jones), Moody's Analytics and Sustainalytics.

### Material Sustainability Issues

Material issues that underlie the "Lead. Together" strategy is regularly revised in line with stakeholder expectations, global trends and industrial dynamics. Unlike the previous analysis, the materiality analysis conducted in the reporting period focused on double materiality approach in line with global standards. This approach enables an evaluation of the impacts on the society, environment and economy, as well as the topics that might impact Koç Holding's financial performance. The most critical topics that will guide Koç Holding in managing the Group's financial performance and the impacts on the society, environment and economy have been identified.

In the first phase of the materiality analysis, a long list of 25 topics were identified upon reviewing sustainability initiatives, standards, companies from the sector and global trends. After the topic list was developed, the topics that made the highest impact on the society, environment and economy and that impacted Koç Holding the most were determined, using questionnaires administered with internal and external stakeholders and online interviews. In the process, the Company got together with a diverse group of stakeholders covering employees, suppliers, customers and distributors, international organizations, academicians and the public sector, industrial organizations, NGOs and consultants. 266 responses were collected from a total of 11 stakeholder groups.

### Determining the impacts on the society, economy and the environment

Stakeholders were asked to prioritize the topics in the long topic list and to evaluate the positive or negative impact created with respect to the topics they deemed a priority. In addition to stakeholder analysis, external trends, and impacts on the society, economy and the environment were separately assessed. In the impact assessment, each topic was analyzed according to their respective positive and/or negative impact, magnitude, impact area and probability of impact, taking stakeholder opinions into consideration as well.

In the external trend analysis, the UN Sustainable Development Goals (SDGs), the World Economic Forum (WEF) Global Risks Report, MSCI, S&P Global Corporate Sustainability Assessment (CSA), European Green Deal, Carbon Disclosure Project (CDP), Task Force on Climate-Related Financial Disclosures (TCFD), Task Force on Nature-Related Financial Disclosures (TNFD), Republic of Türkiye's First Updated Nationally Determined Contribution and the Twelfth Development Plan have been reviewed. The stakeholder analysis, external trend analysis and impact assessment results were consolidated in different weights, and social, economic and environmental impacts were determined.

### Determining the impacts on the Holding

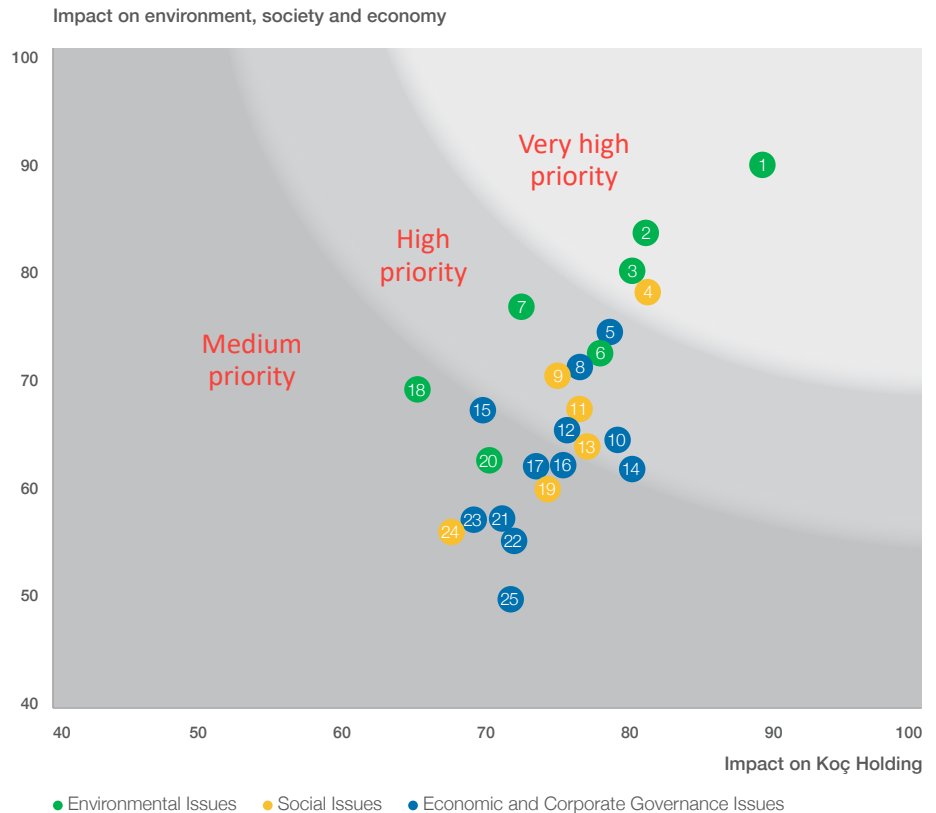
Opinions of investors and senior executives were sought to determine the financial impacts of the topics on Koç Holding. Investors' opinions were obtained in interviews held with them, while those of 82 senior executives from the Holding and the Group companies were collected by way of questionnaires.

# Sustainability

## Materiality Matrix

Outputs from the analysis conducted to establish various impacts were reviewed and finalized in a meeting held with senior executives. While four issues were assigned very high priority, issues of high and medium priority were also classified.

- As a result of the analysis, it was observed that **water management** emerged among the top priority issues distinct from previous materiality analysis.
- Climate-related issues preserved and further increased their importance; **the top three issues were climate-related**. Previously tackled under “transition to a **low carbon economy**”, the “**renewable energy**” topic was addressed as a separate subject and included in top priority issues.
- Under social issues, “talent attraction, development and retention” and “human rights and labor standards” topics remained material.
- **Digitalization and innovation** topics classified under economic topics were downgraded in terms of materiality. Convergently, “**data analytics and artificial intelligence**” was assigned higher materiality and grouped under high priority topics.



### Very high priority

1. Transition to a low-carbon economy and clean technology
2. Water management
3. Renewable energy
4. Talent attraction, development and retention

### High priority

5. Data analytics and artificial intelligence
6. Sustainable products
7. Climate-related trade dynamics (Green Deal)
8. Cyber security and data security
9. Human rights and labor standards
10. Ethics and compliance
11. Equal opportunity, diversity and inclusion
12. R&D capacity

13. Employee health, wellbeing & safety
14. Corporate governance

### Medium priority

15. Internet of Things (IoT) and digitalization of operations
16. Accountability and transparency
17. Sustainable supply chain management
18. Biodiversity and conservation
19. Socio-economic contribution
20. Waste management
21. Innovation culture and intrapreneurship
22. Resilience and business continuity
23. Open innovation and partnerships
24. Short- and long-term support following natural disasters
25. Customer and distributor resilience

- Koç Holding 2023 materiality analysis has been verified by KPMG in accordance with AA1000AS principles.

Material Issue	Related Scope	Related SDGs
Transition to a low-carbon economy and clean technology	Act for the planet. Together	7, 12, 13, 17
Water management	Act for the planet. Together	6, 12, 13
Renewable Energy	Act for the planet. Together	7, 13
Talent attraction, development and retention	Empower people. Together	8, 10

**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,

distributors 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.



# Sustainability

Frequency of stakeholder interaction is determined depending on the characteristics of the related topic, expectations and needs. Additionally, stakeholders' views about sustainability are incorporated in decision-making processes by way of the strategic materiality analysis conducted once in every three years. Additional information can be found in the section "Material Sustainability Issues" (p. 43).

Non-governmental organizations, international organizations, public institutions, universities and suppliers are the leading stakeholders with whom subject-oriented collaborations are developed in managing the sustainability priorities. Within the scope of this collaboration, regular communication with institutions is maintained and common solutions are developed for sustainability issues. In addition, senior executives of the Koç Group companies direct the work of business organizations both on a sectoral and subject-oriented basis. Detailed information on the cooperation with different stakeholders, including TÜSİAD, the UN Development Program, UN Women and the World Economic Forum is included in the relevant headings of this section.

Koç Holding's current [Disclosure Policy](#), which details the communication practices of the Koç Group with its stakeholders, particularly its investors, can be viewed on the website.



## Sustainability Reporting

### Compliance with International Standards

Koç Holding publicly discloses the developments in the Group's material issues with different stakeholders through its annual reports and its sustainability reports prepared in line with Global Reporting Initiative (GRI) 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 UN 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.

Koç Holding annually reports to the UN Global Compact on its performance in relation to UN SDGs through sustainability reports. The UN Global Compact signed by Koç Holding in 2006 serves as a

powerful framework for sustainability efforts. A member of the Board of Directors of Global Compact Türkiye, Koç Holding sustains its support to initiatives for propagating the UN Global Compact.

A supporter of WEF Stakeholder Capitalism Metrics, Koç Holding publishes its sustainability reports in accordance with these metrics.

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.

Koç Holding Sustainability Reports





### CMB Sustainability Principles Compliance Framework

The CMB Sustainability Principles Compliance Framework published in 2020 sets out the basic principles which are expected to be disclosed while conducting ESG 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 annual reports, sustainability reports and website content. Studies conducted within the scope of the principles are described in the relevant sections of the report. In this context, necessary alignment in relation to reporting has been achieved, and work is ongoing for attaining total compliance with the principles. The activities carried out in relation to the principles are disclosed in the Sustainability Principles Compliance Report (page 327-335).

This section provides a detailed description of the topics in which compliance has been achieved with the principles in the CMB Sustainability Principles Compliance Framework that has been prepared based on “comply-or-explain” approach, and assessments about the principles not yet fully complied with are addressed in the Sustainability Principles Compliance Statement (pp. 172) under the Corporate Governance section.

### Scope

The publicly available sustainability performance data covers Arçelik, Aygaz, Entek, Ford Otosan, KoçSistem, Opet, Otokar, Otokoç Otomotiv, Tat Gıda<sup>1</sup>, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi among the Koç Group companies. The data covered the period from 1 January to 31 December 2023, encompassing 67% of employees and 93% of combined revenues. Performance data was calculated as realized over the 11-month period and projected for the 12<sup>th</sup> month.

(1) As of 19 February 2024, Koç Holding does not have any shares in Tat Gıda.

Social performance indicators cover the period up to 30 November 2023, and Occupational Health and Safety data covered the period from 1 January to 31 December 2023.

## **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. Additionally, the “Green Deal” announced by the European Commission in 2019 is aimed at achieving the European Union's net-zero carbon emission target by 2050. To achieve this goal, the EU is committed to reducing its carbon emissions by at least 57% compared to 1990 levels by 2030. The Green Deal, which has the potential to change the functioning of the global economy and international trade with the goals it has set out, is of tremendous importance for Turkey and the Koç Group, which carries out more than 50% of its foreign trade with the EU. In this sense, the business world has an important responsibility in adapting to changing climate conditions.

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.

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

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

Koç Group  
Environmental  
Policy



# Sustainability

## 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. Koç Holding is also among the supporters of the Stakeholder Capitalism Metrics that have been devised by TCFD and WEF.

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 in the CEO Action Group for the European Green Deal formed under WEF by Levent Çakıroğlu. Koç Holding has signed the joint statement prepared by the Action Group, which includes the CEOs of more than 40 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.

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

In addition, Koç Holding is a member of CFO Coalition for the SDGs that brings together the CFOs of UN Global Compact-member companies with the aim of adding momentum to sustainability investments.

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. A chief level executive from The Koç Group also chairs the TÜSIAD European Green Deal Task Force, which was established in 2020.

A director-level executive from the Koç Group has been leading the Environment and Climate Change Working Group within TÜSIAD since 2015. Through its companies and the Environmental Council, the Koç Group regularly contributes to the attitude documents and research studies developed by TÜSIAD.

## Disclosure of Climate-Related Risks and Opportunities

Koç Holding, which is among the companies that support TCFD, aims to manage the risks and potential opportunities arising from climate change within the framework of TCFD, to regularly disclose them to its stakeholders and to extend them across its ecosystem.

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



## Task Force on Climate-Related Financial Disclosures (TCFD) - Koç Holding Disclosure

Climate-related risks and opportunities are monitored and managed under the Carbon Transition Program.

The Koç Group Carbon Transition Program is led by Koç Holding CEO Levent Çakıroğlu, and coordinated by sustainability, finance and strategic planning teams at Koç Holding. The Koç Group Environment Council extends technical support to the Program, which is executed with the contributions of the Carbon Transition Leaders consisting of senior executives at the Group companies and employees from various departments they collaborate with, which include R&D, environment, finance, innovation, HR, corporate communications, marketing, purchasing, strategy and manufacturing.

**Corporate Governance** Water Management, Waste Management, Product Stewardship and Biodiversity Working Groups bring together experts from various Koç Group companies, and are led by the Head of Koç Holding Environmental Council. These working groups collaborate with the aim of developing a uniform approach for effective management of climate action efforts and capitalizing on opportunities materializing in their respective fields. The shared knowledge and experience compiled by experts allow good practices to be propagated across the Group companies.

In 2023, targets for climate risks and opportunities have been added to the performance management system in which employee targets are integrated for executives including the CEOs and employees of the Group companies.

**Risk Management** Climate-related risks are addressed at the Board of Directors level under the supervision of the Risk Committee. Details about risk management can be found in the Risk Management section (p. 187) under Corporate Governance. Details about Transition Risks (Policy/Regulatory Risks, Market Risks, Reputational Risks, Technology Risks), Physical Risks and Opportunities, on the other hand, are discussed in the Climate Related Risks and Opportunities section (p. 51) under the Carbon Transition Program.

**Strategy** With the increasing significance of combatting climate crisis among stakeholders and the European Green Deal, the Koç Group has declared its target to become carbon-neutral in 2050. To devise the roadmap for transitioning to a low-carbon economy necessary for achieving this target, the Carbon Transition Program has been launched across the Koç Group. Details about the strategy can be found in the Carbon Transition Program section (p. 50).

**Metrics and Goals** Carrying out their low carbon transition efforts in the light of Koç Holding's target to become carbon-neutral by 2050 and the Carbon Transition Program devised accordingly, the Group companies work towards effective monitoring and reporting of greenhouse gas (GHG) emissions, and their reduction to the extent possible. Related details can be found in the Carbon Transition Program section (p. 56).

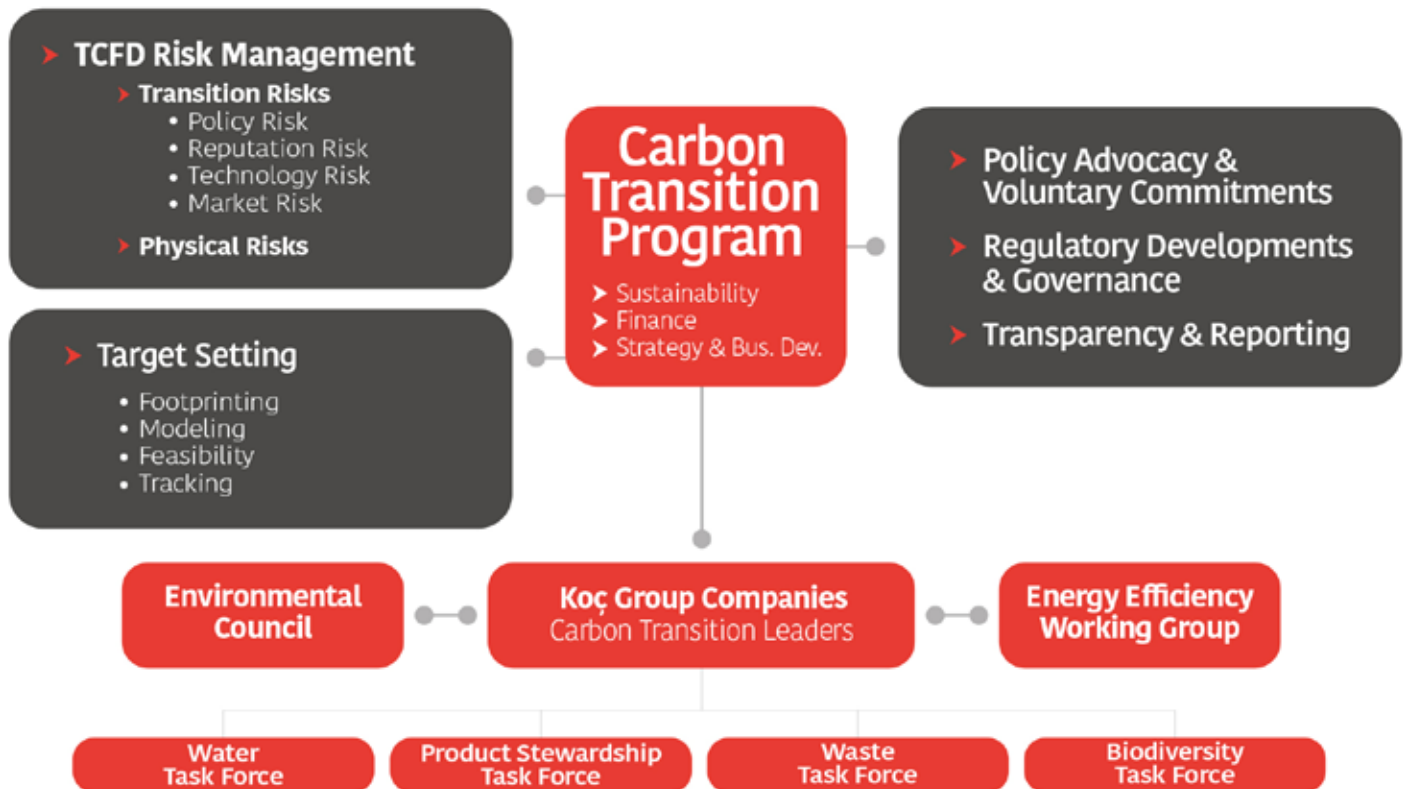
## Sustainability

In line with its 2050 **carbon neutrality target**, Koç Holding aims to reduce its Scope 1 and Scope 2 GHG emissions by **27%** by 2030 and by **49%** by 2040 (2017 baseline year: 7.8 million tCO<sub>2</sub>e). Scope 1 and Scope 2 GHG emissions in 2023 were 6.8 million tCO<sub>2</sub>e.

### Carbon Transition Program

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

The Koç Group Carbon Transition Program is led by Koç Holding CEO Levent Çakıroğlu, and coordinated by sustainability, finance and strategic planning teams at Koç Holding. The Koç Group Environment Council extends technical support to the Program, which is executed with the contributions of the Carbon Transition Leaders consisting of senior executives at the Group companies and employees from various departments they collaborate with, which include R&D, environment, finance, innovation, HR, corporate communications, marketing, purchasing, strategy and manufacturing.



## Climate Related Risks and Opportunities

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

In 2021, a risk analysis study was conducted at Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Otokoç, Tat Gıda<sup>1</sup>, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, which represent 91.3% of the Koç Group's combined revenues for the period between 2017-2021. The risk analysis of Yapı Kredi, which operates in the finance sector, was based on its entire credit portfolio

within the scope of various climate-related physical and transition risks, including extreme weather conditions, national and international regulations, stakeholder expectations, changing market outlooks and emerging technologies. Details regarding the risk analysis of the companies operating in the non-finance sectors are presented on the following sections. The preliminary analysis was conducted independently by a third-party, and these analyses are regularly updated according to evolving company strategies, employing the same methodology.

### Transition Risks

Transition risks are addressed under four different categories.

### Policy/Regulatory Risks

Policy/regulatory risks include increases in carbon pricing, associated financial risks, and operational costs. Countries are expected to take greater action against the climate crisis as a result of rises in the carbon prices in the global emissions trading systems along with carbon and fuel taxes and other climate driven pricing measures aligned with the Paris Agreement. These assessments take into consideration

the rate of increase in carbon pricing and the level difference based on country and region.

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

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

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

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

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

(1) As of 19 February 2024, Koç Holding does not have any shares in Tat Gıda.

# Sustainability

## Market Risks

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

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

are respectively, electricity producers, mining and metallurgy, oil, gas and fuels, chemistry and packaging.

Koç Holding works to establish a strategic approach in order to address market risks and reduce the supply chain-related emissions of the Group companies, as well as to disseminate projects and programs that will transform the supply chains.

## Reputational Risks

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

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

## Technology Risks

Within the scope of the technology risks, low-carbon sustainable products and services of the Group companies, business areas facilitating a low-carbon future according to the EU Taxonomy, and investments for low-carbon products, processes and services have been assessed. It has been determined that Arçelik, Aygaz, Ford Otosan, Otokar, Tat Gıda<sup>1</sup> and Tofaş have sustainable products, services and strategies for facilitating low carbon transition.

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

All these studies reduce the impact of technology risks.

(1) As of 19 February 2024, Koç Holding does not have any shares in Tat Gıda.

**Physical Risks**

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

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

159 facilities of 11 Group companies<sup>1</sup> were included in the physical risk analysis. As the Group's facilities are assessed according to the moderate climate change scenario, the risks with the highest impact are water stress, followed by heat and cold air waves. Floods, sea level rise and hurricanes are ranked as lowest physical risks.

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

**Opportunities**

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

Clean technology and innovative sustainable products with high resource efficiency and low environmental impact play an important role in the transition to a low carbon economy and offer a wide array of opportunities for the business world. Developed products and technologies support the circular production systems, helping the Koç Group companies reduce their consumption of natural resources and emissions of greenhouse gases 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. In 2023, Koç Holding Sustainability and Finance teams defined, and started regularly tracking, the metrics that will allow measuring

operational and product-driven financial opportunities that transition to a low-carbon economy provide the Koç Group with.

Set up under the Koç Group Environmental Council, Product Stewardship and Waste Management working groups focus on circular economy practices - particularly industrial symbiosis- and process- or product-oriented lifecycle analyses, and aim to capture the potential opportunities in production processes.

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

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

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

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

# Sustainability

## Climate and Technology

Koç Holding strongly believes that the digital and green transitions reinforce each other. These two pillars prepare Koç Holding for future needs and help gain competitive advantage. Koç Holding prioritizes digital and sustainable production to ensure environmentally responsible manufacturing through the deployment of technology. Beyond internal operations, Koç Holding also extends its focus to stakeholders and leverage technology for the climate adaptation of its value chain in the face of climate crisis.

### Fostering digital and sustainable production

To align with Koç Holding carbon neutrality objective, Koç Group companies leverage the power of new technologies including artificial intelligence, data analytics, robotics, the internet of things (IoT), and automation. Three facilities from Koç Group companies have been acknowledged as Global Lighthouses by the World Economic Forum for their cutting-edge Industry 4.0 operations, including Arçelik's Ulmi and Eskişehir factories and Ford Otosan's Gölcük Factory.

### Arçelik - Sustainability Lighthouse Factory

In 2022, the Factory was awarded the "Sustainability Lighthouse" status, which is given to appreciate the manufacturers who increase their productivity with innovative technologies that reduce their environmental footprint and focus on Industry 4.0.

Holding the LEED Platinum certification, this factory uses 100% green electricity. A "digital twin" model of the plant self-adjusts the lighting and optimizes the cooling and heating systems. Building Management System uses an algorithm that employs roughly 15,000 real-time data points from more than 650 energy measurement devices and sensors. All efforts resulted in 13.9% energy savings per product, a 25% reduction in water withdrawal per product, and a 22% reduction in Scope 1 and 2 GHG emissions per product in production.

**Energy efficiency** stands as a crucial pillar in Koç Holding's **transition pathway**. This involves identifying opportunities to **reduce energy consumption, optimizing production processes, and exploring new technologies** to help Koç Holding become more efficient. Koç Group companies utilize cutting-edge technology to **optimize energy efficiency** in their production processes.

Artificial  
Intelligence

Machine  
Learning

### Tüpraş – Proactive Energy Platform

In optimizing energy consumption at refinery units, Tüpraş has implemented a **digital energy twin through artificial intelligence algorithms**. This initiative ensures the unit operates under the most efficient conditions by modeling **optimal energy consumption**.

The system calculates the **optimal energy** that should be consumed under relevant conditions, triggering technical teams to intervene and take precautions if it detects a negative discrepancy, all done through machine learning technology.

Tüpraş currently uses 1,875 data points to monitor, analyze and model energy efficiency.

### Ford Otosan – Photovoltaic Glass Wall

Ford Otosan redesigned and rebuilt its Yeniköy plant with an approach targeting **maximum efficiency** and stands as a testament to its future vision to lead Türkiye's automotive industry. Yeniköy will carry Ford Otosan and Türkiye into the future, and it also represents the future of automotive production. It is equipped with innovations such as **Photovoltaic Glass Wall, Solar Wall, and SunTracker**, which are **firsts in Türkiye and in the Ford community**.

To utilize sunlight as much as possible for **energy efficiency**, thanks to the solar panels used on the ceiling in the Welding workshop as well as the **Photovoltaic Glass Wall** installed on the front facade of the factory, a first among Ford factories worldwide. The Photovoltaic Glass Wall was designed on the facade of the factory to generate the electricity consumed by the factory from the sun. The glass wall, with an installed power of 115 kWp, generates



**renewable energy** while also meeting the need for building lighting for the work areas in the façade area. The facility generates approximately 5% of its electricity through Photovoltaic Glass. Also, the plant provides carbon-free clean heating with Solar Wall systems. This project will reduce natural gas consumption. With the **Sun Tracking Systems** project, the plant gains **40% of the lighting needs** of production areas from daylight.

**Leveraging technology for climate adaptation of value chain**

As Koç Holding is working towards its carbon neutrality target and minimize its impact, it is equally important to lower dependence on natural resources. Climate change presents significant physical risks, particularly with heightened water stress. Koç Group proactively addresses this challenge through the development of innovative solutions for climate adaptation as well as mitigation. This strategic approach aims to enhance the resilience of Koç Group's operations

*Artificial Intelligence*   *Machine Learning*   *Deep Learning*

**Entek - AI-driven hydrology forecasting**

Entek initiated a project aimed to increase energy production utilizing the same amount of water. The project integrates AI-driven hydrology forecasting into dam operations with machine learning and deep learning. The model considers 56 variables, including demographic trends, topographical and meteorological data such as temperature, snow depth, humidity, underground water levels and operational decisions from neighboring plants. The data used spans over the past 25 years, and this enhances the prediction capabilities significantly. The project enables a 2.5% increase in energy generation productivity and boosted forecasting accuracy for water flow volume to approximately 90%.

AI-driven hydrology forecasting project of Entek have been conducted in collaboration with KoçDigital. Koç Group information technology company, KoçDigital is committed to developing technological solutions in such a way that will benefit the environment and communities. With the Green Intelligence Program, digital solutions are being developed to enable companies to manage their environmental impacts.

Koç Holding aims to create shared value and a positive impact on society and its stakeholders. To achieve the objectives, Koç Holding believes that it is essential to facilitate the transition of its ecosystem and provide support for adaptation to the impacts of climate change.

*Machine Learning*   *Image Processing*

**TürkTraktör – Mobile Field App**

As a Koç Group company, specialized in the production of tractors and agricultural equipment, TürkTraktör identifies the digitalization of agriculture as a key area of development to enhance value for farmers. The company has introduced the Mobile Field App in 2019, a digital platform designed to provide farmers utilizing the application customized weather information specific to their field locations. Application also delivers digital decision support regarding their agricultural activities. Furthermore, Mobile Field App conducts daily monitoring of crop health, providing guidance on irrigation, pesticide application, and tractor usage. These insights not only assist in optimizing agricultural practices but also contribute to the enhancement of water, diesel, and pesticide consumption efficiency.

*Artificial Intelligence*   *Machine Learning*   *Advanced Data Analytics*

**KoçDigital - FireAid**

After a series of devastating wildfires that hit Türkiye in 2021, we initiated an AI-based collaborative project, which later became an exemplary initiative by the World Economic Forum. This joint initiative, FireAid, between the Ministry of Agriculture and Forestry and KoçDigital has transformed our country's ability to rapidly respond to wildfire outbreaks. Through the development of a dynamic fire-risk map, FireAid enables swift intervention, significantly enhancing the ability to address and control wildfire threats. At present, our model demonstrates an 80% precision in predicting fire events and a 50% precision in forecasting no-fire events. Notwithstanding these challenges, our models have successfully transitioned from the pilot phase to encompass all regions within Turkey. Following the successful results achieved in Turkey, the World Economic Forum (WEF) has established the Tech for Climate Adaptation Working Group to promote the initiative and highlight the support of digital technologies in various disaster scenarios.

# Sustainability

## Metrics and Targets

### Energy Management and Emissions

Carrying out their low carbon transition efforts in the light of Koç Holding's target to become carbon-neutral by 2050 and the Carbon Transition Program devised accordingly, the Group companies work

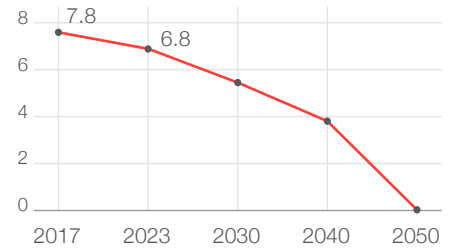
towards effective monitoring and reporting of greenhouse gas (GHG) emissions, and their reduction to the extent possible.

Koç Holding targets to reduce its Scope 1 and Scope 2 GHG emissions by 27% by 2030 and by 49% by 2040 in line with the carbon neutral by 2050 target (2017

baseline year: 7.8 million tCO<sub>2</sub>e). A year-on reduction of 2% has been observed in Koç Holding's total Scope 1 and Scope 2 GHG emissions. Emissions reduction and energy efficiency activities underway at the Group Companies secured 13% reduction in the Group's emissions since 2017 baseline year in the 2050 carbon neutrality journey.

Emission Category <sup>1</sup> (tCO <sub>2</sub> e)	2017 <sup>2</sup>	2021	2022	2023
Scope 1 emissions	7,572,664	6,245,166	6,864,059	<b>6,653,354</b>
Scope 2 emissions <sup>3</sup> (market-based)	129,471	127,516	127,838	<b>172,741</b>
Scope 1 and 2 emissions of the Group companies' subsidiaries	134,671	184,271	- <sup>4</sup>	- <sup>4</sup>
Total Scope 1 and 2 emissions	7,836,806	6,556,953	6,991,897	<b>6,826,095</b>
Emission Intensity <sup>5</sup> (CO <sub>2</sub> e/million USD)	132	107	81	<b>77</b>

### Scope 1 and 2 Emissions Reduction Target (million tCO<sub>2</sub>e)



As per the transparency principle that it intends to further increase continually, Koç Holding disclosed consolidated Scope 3 emissions for 2019, 2021 and 2022 under the Carbon Transition Program. The calculation of consolidated Scope 3 emissions for 2023 is underway, and they are targeted to be publicly disclosed in 2023 Sustainability Report. The approach Koç Holding adopts to manage the emissions resulting from its operations

and its value chain is addressed in the Transition Roadmap that entails sector-specific decarbonization strategies for different Koç Group companies. Accordingly, the energy industry plans its transition with a focus on well-balanced, diversified and clean energy portfolio by manufacturing different types of energy such as zero-carbon electricity, green hydrogen and biofuels within an integrated business model. The transition of the

automotive sector relies on increased weight occupied by electric vehicles and vehicles that use alternative fuels in the product portfolio and the transformation of the supply chain. For the consumer durables sector, low carbon transition entails production of energy-efficient products, reduction of emissions generated during use and transformation of the supply chain. The finance sector, on the other hand targets to channel its capital to low-carbon initiatives and to transform its portfolio in line with clean energy investments.

Emission Category <sup>6</sup> (tCO <sub>2</sub> e)	2019 <sup>7</sup>	2021	2022
Scope 3 emissions	191,811,457	184,680,349	200,287,630

(1) The Koç Group's consolidated Scope 1&2 emissions include emissions by Arçelik, Aygaz, Entek, Otocar, Otokoç, Tat Gıda (As of 19 February 2024, Koç Holding has sold all its shares), Tüpraş, Yapı Kredi companies. Koç Holding received a moderate level of assurance by British Standard Institution (BSI) in line with AA1000AS on its consolidated scope 1&2 emissions for 2017, 2021 and 2022.

(2) 2017 is the baseline year for Koç Holding's Scope 1&2 emissions target.

(3) Scope 2 emissions increased due to modified boundary of GHG emissions inventory resulting from mergers and acquisitions of the Group companies.

(4) For 2020 and 2021, we estimated the GHG emissions of the subsidiaries owned by our Group companies using EEIO factors. This estimation was presented in the third line as 'Total Scope 1&2 emissions of subsidiaries owned by Koç Group companies.' In 2022, we obtained accurate emissions data for the subsidiaries of our Group companies and included this data in the Scope 1 and Scope 2 categories, respectively presented in the first and second lines.

(5) The decreased emission intensity is a result of the increase in consolidated revenues, as well as Scope 1&2 emissions reduced thanks to renewable energy and energy efficiency projects launched at the Group companies.

(6) The Koç Group's consolidated Scope 3 emissions cover Scope 3 emissions of Arçelik, Aygaz, Entek, Otocar, Otokoç, Tüpraş, Yapı Kredi companies, and Scope 1, 2, 3 emissions of Ford Otosan, Opet Tofaş and TürkTraktör companies. Calculation of consolidated Scope 3 emissions for 2023 is underway and they are targeted to be disclosed in 2023 Sustainability Report. The acquisition of new production facilities by our Group companies, along with an increase in use-phase emissions of the Group companies operating in energy sector has resulted an increase in Scope 3 emissions.

(7) 2019 is the initial year when Koç Holding's consolidated Scope 3 emissions started to be consolidated.

The Koç Group companies avoided 116,000 tonnes of emissions in total and secured financial saving in the amount of TL 122 million in 2023 thanks to energy efficiency initiatives introduced.

In 2021, efforts to verify Scope 1 and 2 GHG emissions at the Koç Group companies were carried out and audited by a third-party independent organization within the framework of the ISO 14064-1 Greenhouse Gas Accounting and Verification Management System. Verification of Koç Holding's consolidated Scope 1&2 GHG emissions for 2022 has been completed in accordance with AA1000AS, and the data have been disclosed in 2022 Sustainability Report released in 2023. Verification process is underway for Scope 1, 2, and 3 GHG

#### Water Management

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, and to have a holistic approach. The Koç Group aims to reduce water withdrawal, reduce stress on water resources through resource diversification, and increase wastewater quality. Koç Holding has started to work on developing its water strategy in view of international frameworks and investor expectations. Water stress risk analysis has been updated in 2023, and 67 facilities of 10 Group companies have been included.

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

	2020	2021	2022	2023
Reduction through energy efficiency (million GJ)	1.04	2.19	1.71	1.81
GHG emissions reduced (000 tCO <sub>2</sub> e)	53.93	145	284	116

Energy Consumption <sup>3</sup> (GJ)	2020	2021	2022	2023
Net renewable energy consumption	1,374,259	1,920,530	2,413,434	2,663,745
Net non-renewable energy consumption	94,459,212	93,748,934	95,892,866	95,344,491
Total	95,833,471	95,669,464	98,306,300	98,008,236

emissions, waste and water data, and verified data will be disclosed in 2023 Sustainability Report.

While purchased renewable energy amounted to 2.12 million GJ in 2023, the amount of renewable energy generated within the Group has been 4 million GJ.

Total Water Withdrawal by Resource (thousand m <sup>3</sup> )	2021	2022	2023
Surface water	14,923	17,449	15,334
Ground water	5,815	7,046	7,033
Municipal water	2,469	2,359	2,342
Treated municipal water, rainwater and other resources	11,401	9,795	6,011
Total	34,608	36,649	30,720

Water Discharge (thousand m <sup>3</sup> )	2021	2022	2023
Surface water	5,767	6,476	8,808
Ground water	5	10	0
Sea	9,418	10,539	12,055
Third Party Water Providers	1,779	2,231	2,988
Total	16,969	19,256	23,851

Water Consumption (thousand m <sup>3</sup> )	2021	2022	2023
Total	17,459	17,456	18,423

## Sustainability

### 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 Network Türkiye, Business Council for Sustainable Development Türkiye and TÜSIAD, to prevent plastic pollution which is beginning to threaten human and environmental health. The target of ending single-use plastics consumption among employees has been achieved as of year-end 2023.

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

### Additional Indicators

In 2022, the Koç Group posted USD 36 million in total environmental investments and expenses that include costs associated with environmental management such as waste costs, chemicals costs, consultancy and training and so on. Environmental investments and expenses incurred served to bring USD 10 million in financial saving.

Waste by type (tonnes)	2020	2021	2022	2023
Recycled/recovered hazardous waste	26,192	35,058	27,186	<b>26,364</b>
Recycled/recovered non-hazardous waste	272,325	317,917	261,991	<b>269,475</b>
Hazardous waste disposed of	7,191	4,362	4,908	<b>9,992</b>
Non-hazardous waste disposed of	5,607	6,639	6,473	<b>6,711</b>
Total (tonnes)	311,315	363,976	300,558	<b>312,542</b>

Environment Training	2020	2021	2022	2023
Number of participants (employees)	32,481	38,825	41,609	<b>45,096</b>
Number of participants (Subcontractors)	7,866	17,218	34,545	<b>28,803</b>
Training hours (person*hour) (Employees)	58,075	125,572	32,876	<b>62,953</b>
Training hours (person*hour) (Subcontractors)	14,578	8,538	37,555	<b>22,139</b>

### Koç Group Environmental Fines Imposed/Paid<sup>1</sup> (TL)

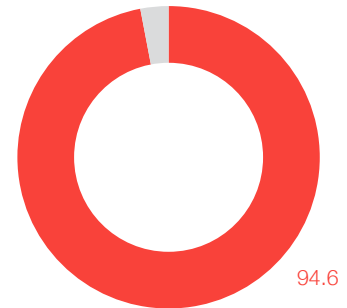
Group Company	2020	2021	2022	2023
Tat Gıda	144,394/108,295	-	-	-
Tüpraş	176,998/132,748	193,035/144,776	263,032/197,274	<b>7,347,944/5,510,9582</b>

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

(2) The fine has been levied because the investments within the scope of Kırkkale Solar Power Plant capacity increase project were completed sooner than the relevant permission procedures. The positive EIA report for the project has been submitted to the Company on 29 December 2023.

### Waste Recovery Rate (%)

■ Recovered Waste



## Empower People. Together

“The Koç Group aims to possess employees armed with the knowledge and competence necessary to create the business models of the future and to offer them the best employee experience.” In line with its global growth vision, it strives to attract, retain and develop versatile talent in all of the countries where it operates and to strengthen the employee experience.

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

### Human Rights and Labor Rights

The Koç Group aims to provide a fair, equal and safe business environment which respects human rights. As an establishment operating on a global scale, adopting an approach which respects the people of its stakeholders in the societies in which it operates is a key priority. Under the Human Rights Policy, the Group acts in accordance with global ethical principles on issues such as recruitment, promotion, career development, pay, benefits and diversity, and respects it is the rights of its employees to establish non-governmental

organizations and become union members of their own choice. The Group has zero tolerance to forced labor, child labor or any form of discrimination or harassment.

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

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

[Koç Group Human Rights Policy](#) is available on the Koç Holding website.

## Equal Opportunity and Diversity

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

In 2021, Koç Holding added a new link to its efforts in equal opportunities and diversity, and became one of the Action Coalition Leaders on Technology and Innovation of the UN Women Generation Equality Forum. Koç Holding assumed yet another important role for securing gender

Koç Group  
Human  
Rights  
Policy



## Sustainability

equality in the field of technology and innovation by announcing its commitments that will guide the efforts in this direction on a global scale. To this end, Koç Holding started the equality movement in Technology and Innovation within the Group in 2022 as a result of which Arçelik, Aygaz, Ford Otosan, Koçfinans, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi became global commitment maker companies.

To date, Koç Holding has implemented a wide range of initiatives to offer equal opportunities to employees at all levels. Along this line, training programs and support systems were updated to cover all job categories to enable all employees to access the same communication tools. Through such efforts, the Group pursues gender equality in the business environment with the aim of ensuring that all positions and roles are more appealing to female applicants. At the Koç Group, women constitute 29% of all employees. Being a conglomerate intent on strengthening woman representation in executive roles, the Koç Group's management succession plans are prepared so as to cover at least one woman successor for each position.

Reliable and globally-recognized evaluation inventories are used in recruitment processes, and the "Candidate Experience

Questionnaire" is employed to track the experiences of candidates applying to the Group companies. The Recruitment Accreditation Program (RE-PAP), which is intended to build on recruiters' competence and has been ongoing for five years, is regularly revised to capture the latest trends in cooperation with Koç University and SHRM (Society for Human Resources Management). Our 256 colleagues participated in the RE-PAP program so far. The Koç Group Human Rights Policy provides a general framework for the Koç Group's general approach to equality and equal opportunities.

Improvements were made to counselling services offered before and after maternity leave, childcare and nursery assistance, and workplace safety. In 2023, 816 women employees took maternity leave and 87.5% of them returned to work following the end of their official leave. 3,477 women employees benefit from the childcare support.

### Talent Management

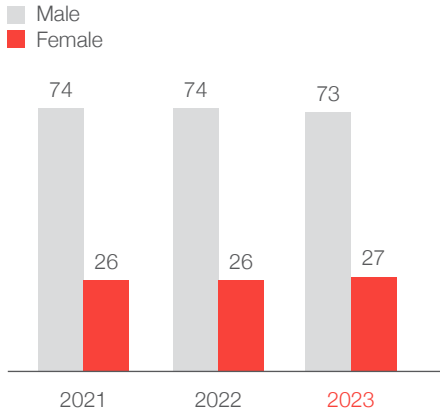
One of the Koç Group's priorities in sustainable talent management is to attract young talents to the Group through creating a talent pool among Koç Group interns and hiring them after their graduation. 37% of the new graduates who joined the Koç Group in 2023 consisted of interns at the Group.

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

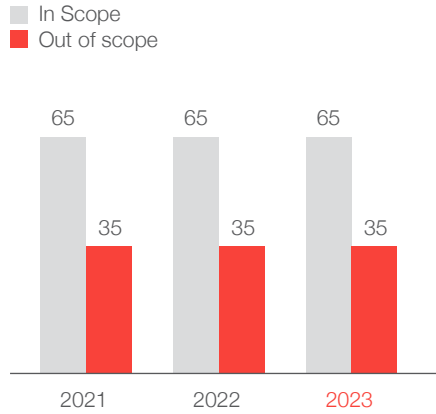
Various training and development opportunities are offered to ensure employees reach and even exceed their potential. In addition to training in areas such as the environment, ethics and OHS, many different training programs are offered to employees for technical and leadership development in line with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

More information on talent management processes can be found in the Human Resources/Talent Management Approach section. (page 38).

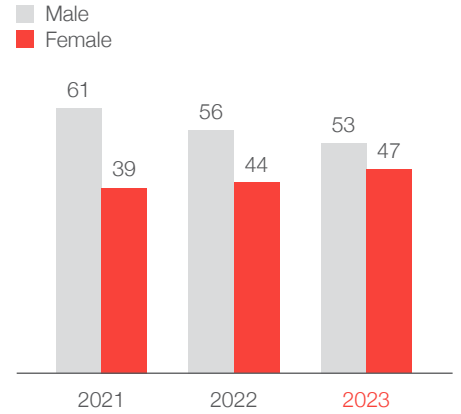
### Employees by Gender (%)



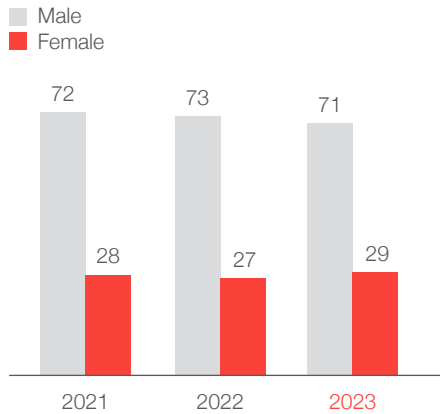
### Unionization (%)



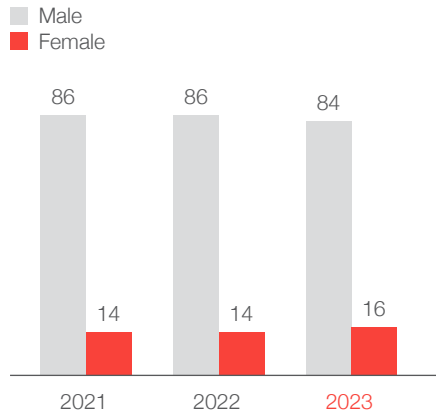
### Promotions by Gender (%)



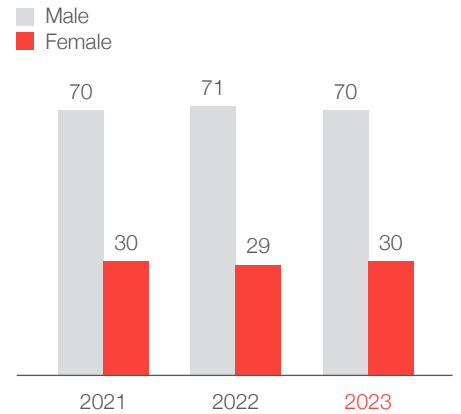
### New Recruitment by Gender (%)



### Senior Executives by Gender (%)



### Middle Managers by Gender (%)



# Sustainability

## Occupational Health and Safety

The Koç Group carries out its activities to achieve excellence in occupational health and safety (OHS) practices in all its operations in line with its zero-accident target. OHS guidelines are considered an integral part of the business culture.

Bimonthly OHS Committee Board meetings participated by both occupational health and occupational safety representatives of the Group companies are intended to improve communication and cooperation among teams, prevent recurrence of accidents through information and experience sharing by all companies, and spread good practices.

The Koç Group OHS Management System Procedure defines minimum OHS requirements under 20 main headings for all Group companies. Nine standards published within this framework detail the requirements related to implementation. Led by Koç Holding OHS Unit, working groups

set up under the OHS Committee formed of representatives from the Group companies published “Management of Change Standard” and “Safe Riding Standard For Motorcycles And Motorcycle-Like Vehicles” in 2023. In addition, the “Driving Safety Standard and Accident-Incident Reporting and Investigation Standard” was updated to respond to evolving needs within the scope of continuous improvement as part of the governance system, and the “Accident-Incident Reporting and Investigation Implementation Guidance” published helped investigate accidents for the entire Group employing the best global methods. “Seat Belt Usage” campaign was carried out centrally to raise increased awareness of Group-wide employees about driving safety.

Ever since its inception, the Koç Group introduced numerous different initiatives for the wellbeing of its employees and their families. In 2023, work was carried out on various practices and standards to gather these important initiatives under a single roof and to contribute to the wellbeing efforts.

## Grow the Business. Together

Issues related to innovation and digital transformation are among the key material issues, especially in terms of business success, in parallel with the Koç Group’s “Lead. Together” strategy. Under the general headings of innovation and digital transformation, data analytics and artificial intelligence come to the forefront as priority topics, as well as innovation culture and intrapreneurship, Internet of Things and process digitalization, cybersecurity and data security, R&D capabilities, open innovation and partnerships. More information can be found in the Digital Transformation Program and Research and Development 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.

OHS Indicators (Employees and Subcontractors)	2020	2021	2022	2023
Fatal Accidents	5	0	1	6
Injury Rate (IR) <sup>1</sup>	6.07	5.98	4.47	4.19
Occupational Illness Frequency (OIFR) <sup>2</sup>	0.04	0.09	0.10	0.07
Lost-time injury frequency rate (LTIFR) <sup>3</sup>	3.3	3.23	2.92	3.07
OHS training hours (employee*hours)	626,981	732,602	746,549	1,066,481
OHS training hours (employee*hours)- subcontractors	88,397	95,162	116,353	356,306

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

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

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



The Koç Group companies strive to provide the best service to their customers. Accordingly, they develop customer policies in the sectors which they operate in and work to a principle of responding to all kinds of requests and complaints and adapting accordingly. The Koç Group Code of Ethics provides guidance to the Group's business partners, suppliers, distributors 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, distributors 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 2023, a total of 88,685 hours of training were provided to suppliers and distributors 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 2023, 7% of the 19,632 suppliers were audited.

Using Arçelik Sustainable Supplier Index developed in-house, Arçelik launched the Supplier Sustainability Data Monitoring and Development Project for those that are determined as critical material and OEM suppliers. In this context, critical suppliers are subjected to ESG audits and they undergo business ethics audits as per the Global Responsible Procurement Policy. The audits conducted pursuant to the Policy verifies suppliers' conformity to Arçelik's requirements in various aspects including regulatory compliance, working conditions, human rights, occupational health and safety, environment and so on. Corrective actions are planned and followed up for any noncompliance. The Digital Education Platform initiated in 2021 for providing sustainability education to a larger number of suppliers went live in 2022, whereby training content on 10 different topics were made available to suppliers. More information can be found in Arçelik Sustainability Reports and Annual Reports.

Ford Otosan, on the other hand, designed the Supplier Sustainability Evaluation and Development Program. Under the Program, identified suppliers are required to complete sustainability self-evaluation process, with the aim of raising awareness. For those determined as critical suppliers, data are required to be verified by an independent audit company, and on-site audits are conducted to establish the risk level of critical suppliers. Also, ESG training started to be given to suppliers. Ford Otosan released its Supply Chain Compliance Policy in 2022 and Supplier Sustainability Manifesto in the first half of 2023. The Company is readying its more than 300 suppliers to become carbon-neutral by 2035 with the target of "working with the sustainability-leader supply chain". More information can be found in the Ford Otosan Sustainability Report.

Hours of Training to Suppliers	2020	2021	2022	2023
Ethics	918	353	1,069	<b>242</b>
Environment	15,559	4,335	12,828	<b>578</b>
Social	1,675	4,479	2,485	<b>1,754</b>
Total	18,152	9,167	16,382	<b>2,574</b>

# Sustainability

## Strengthen Communities. Together

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

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

- whether the relevant Community Investment is compatible with the priorities and needs of the regions where business activities are carried out,
- providing a clear connection between Community Investment activities and business strategy,
- establishing strong partnerships with civil society organizations, international organizations, universities, or individuals in order to put forward applicable solutions,

- ensuring that the objective and results of the Community Investments are measurable and scalable by design, and the results have the potential to be disseminated across other businesses and regions and
- ensuring that they are aligned with social and environmental goals, as mentioned in the UN Sustainable Development Goals.

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

The Koç Group aims to take maximum advantage of the opportunities offered by digital technologies. In this context, besides transforming the Group’s business, it attaches importance to creating a rippling impact on the whole society, starting with employees, distributors and suppliers; the Group

conducts studies to contribute to the strengthening of all those it can reach with technology, by adapting to change.

In 2021, Koç Holding became one of the Action Coalition Leaders on Technology and Innovation of the Generation Equality Forum that steers UN Women’s gender equality initiatives.

### The Generation Equality Forum

#### Action Coalition on Technology and Innovation for Gender Equality

Koç Holding is one of the leaders of the Generation Equality Forum, which is established by UN Women in 2021 and which steers the gender equality initiatives based on a 5-year action agenda. Taking place among the Action Coalition Leaders on Technology and Innovation in this context, Koç Holding has assumed another major mission towards ensuring gender equality on a global scale after the HeForShe initiative.

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

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

- **To develop a global blue print that can be used to ensure that innovation efforts are responsive to gender:** To fulfill this commitment, Gender Transformative Innovation ([GenderxInnovation](#)) guide was prepared, the product of a collaborative effort of private sector and civil society organizations that are members of the Action Coalition on Technology and Innovation for Gender Equality of the Generation Equality Forum with the engagement of the Koç Group innovation leaders.
- **To endorse Koç Group Companies to carry their ongoing projects and future-oriented plans towards women and girls in technology and innovation into the global network of the UN Women Generation Equality Forum, and to become global commitment makers for solutions:** To fulfill this commitment, eight Koç Group companies capable of influencing their respective sectors, namely Aygaz, Arçelik, Ford Otosan, Koçfinans, Tofaş, Tüpraş, TürkTraktör

and Yapı Kredi, announced their commitments globally within the scope of the UN Women's Generation Equality Forum. Over 30 programs are implemented to reach out to a total of 500,000 women and girls and to increase the representation of women in technology and innovation by 2026. In addition, the commitment maker companies committed to set minimum targets of 30% women representation in their technology and innovation departments focusing on the fields of science, technology, engineering, and mathematics (STEM). The exact ratios of the commitment maker companies are covered in detail on the company pages of this report.

- **To support the women innovators to narrow the gender gap in technology and innovation:** To fulfill this commitment, nine women-led startups have been supported under the regional BOOST program, a joint initiative of UNDP and Koç Holding, and implemented in partnership with Koç University Entrepreneurship Research Center (KWORKS) between 2021 and 2023. In 2023, support was extended to four new startups in cooperation with KWORKS. Under the program, women entrepreneurs received leadership, business development, impact and behavioral insight, mentoring and

grant support. While one participating innovator received a grant, investor presentation preparations have been completed for all participants and investor meetings have been organized. Work is ongoing to scale up learnings and experiences from the program across regional and global innovation ecosystems.

# Sustainability

## Aftermath of Earthquake

After the Kahramanmaraş earthquakes that struck the Southeastern Region of Turkey on 6 February 2023, Koç Holding carried out its relief efforts in coordination with the relevant public authorities from the first day.

531 trained and equipped employees of the Koç Group that took part in the search and rescue efforts saved 117 citizens from under the rubble, and provided aid to the region to fulfill the needs for sheltering, fuel, heating, food, clothing and hygienic necessities.

Koç Holding centrally followed up the health conditions of its employees by administering “Status Reporting Surveys” and calls, and made the necessary arrangements for moving its employees and their families affected by the earthquake to safe cities to stay.

### Hope Cities

In coordination with AFAD (Disaster and Emergency Management Authority), Koç Holding and the Group companies has established the Hope Cities consisting of 5,000 container houses in Adıyaman, Hatay, İskenderun, Kahramanmaraş and Malatya.

Established with the aim of contributing to long-term recovery after the earthquake, Hope Cities include accessible and inclusive social units that are responsive to gender equality, prioritize the needs of children and youth, and strengthen employment and economic participation. These social units operate in cooperation with public institutions, civil society organizations, and national and international organizations.

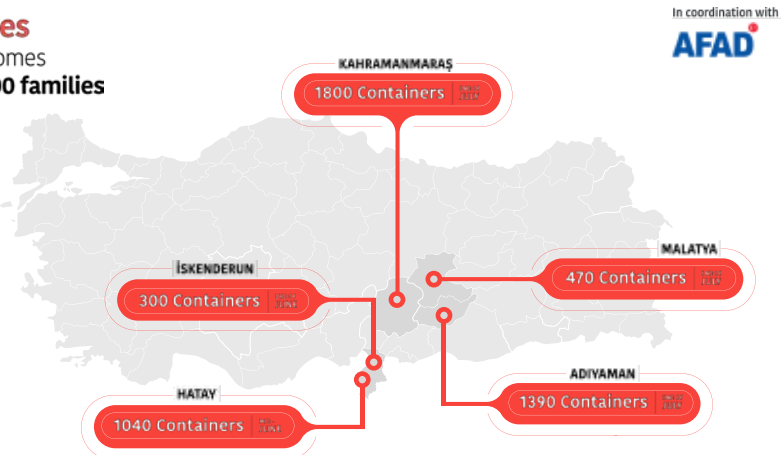
Schools established within Hope Cities, provide students with the opportunity to continue their education without interruption. In addition to schools, there are also educational units and activity areas

that offer creative learning and motivational support to help children attain 21st century skills. There are specially designed container classrooms for children with autism in schools located in 3 cities.

In each Hope City, modern and technological settings have been created with specially equipped classrooms enabling students to take “Technology Design” classes in line with the curriculum. In these specially designed classrooms, students have access to an educational environment where they can explore their interest in technology while also taking their classes in accordance with their respective curricula. Libraries, also serve the residents of Hope Cities wishing to spend a beneficial and quality time. Youth centers offer psychosocial support service and various activities for children and young people. Group work, art and drama activities, family education sessions and psychological support groups are organized at these centers to contribute to the emotional and social development of children and discover their potential. Football fields and basketball and volleyball courts, alongside the sports schools in these disciplines helped young people to discover their talents and participate in sports activities.

Koç Holding, the Group companies and Vehbi Koç Foundation provide comprehensive support for the education of children and young people living in Hope Cities. In addition to the support including educational materials and culture and art activities, Vehbi Koç Foundation provides scholarships to high school and university students, and tutoring opportunities for young people preparing for exams.

### Hope Cities Container Homes hosting 5,000 families



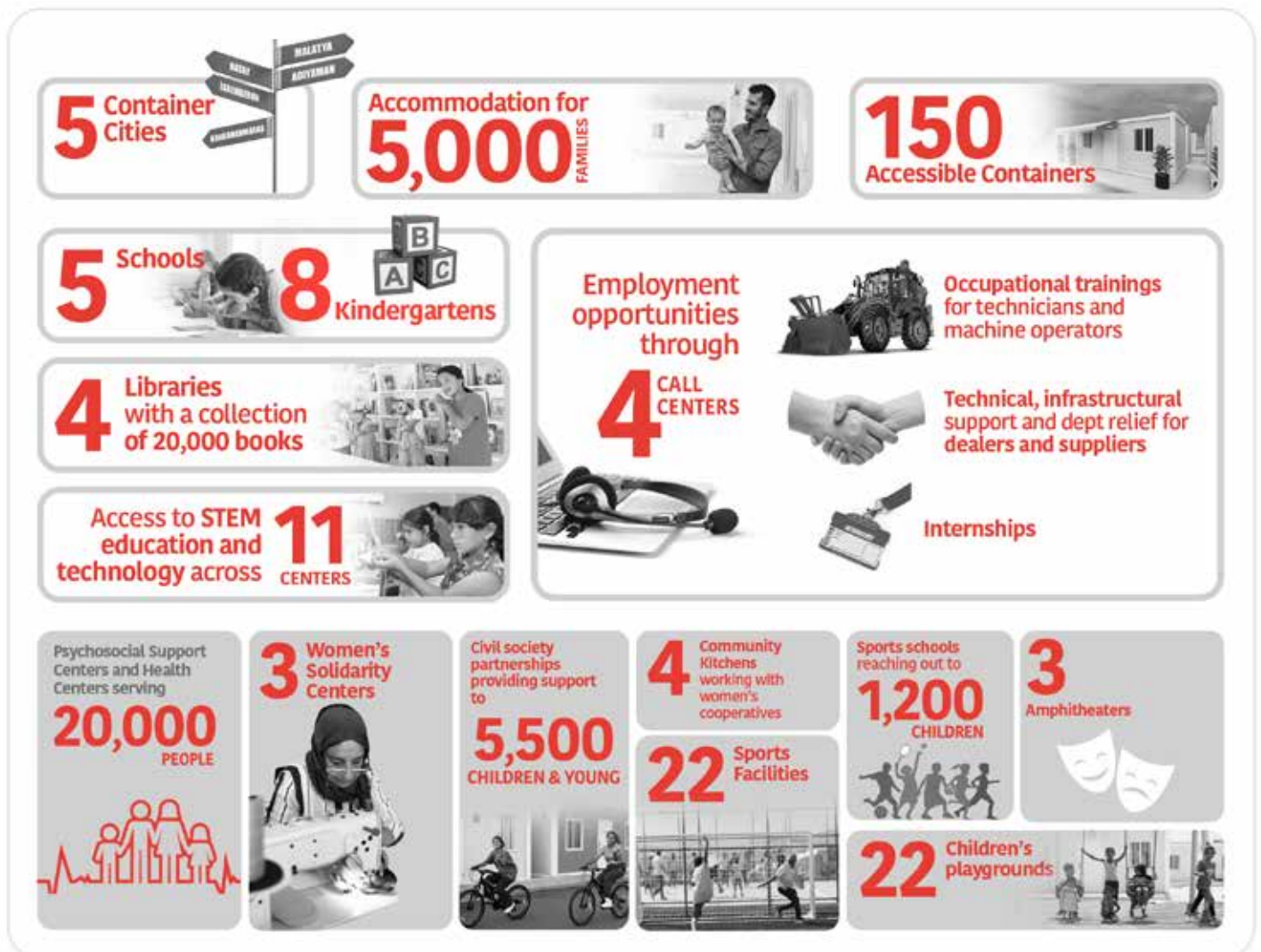
The Koç Volunteers Movement facilitated significant support by enabling the participation of Koç Group employees in activities in earthquake-affected areas and Hope Cities. More than 1000 employees from 46 Group companies took part in volunteering activities and various projects were carried out in Hope Cities. The activities organized spanned a wide range from guidance seminars prior to central exams to welcoming events and to the activities of the drama clubs of the Group companies. Koç Volunteers continue volunteering to support the social life in Hope Cities.

“Women’s Solidarity Centers” operating in partnership with UN Women and civil society organizations incorporate spaces such as textile and cooking workshops to increase women’s participation in the economy and help them build on their existing skills. These centers also offer counseling and training services to support women’s recovery processes. Women have the opportunity to generate income by improving their existing skills in the workshops at the centers.

Customer Service Centers established by Group companies provide the opportunity to work and to build a career while living in Hope Cities. The establishment of

customer service centers in Hope Cities has enabled many young people affected by the earthquake to go through the application and training process and secure full-time employment. Hope Cities offer not just temporary settlement but also employment opportunities, thus providing time. Youth for individuals’ empowerment.

While Hope Cities is an example of rapid urban planning to meet post-disaster housing needs, it has also been a project involving planning, procurement, purchasing, logistics, operations, coordination, partnerships, and the contributions of thousands of employees through the Koç Volunteers Movement.



## Compliance Program



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

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

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

The Compliance Program guarantees the implementation of corporate compliance culture and the standards documented across the Koç Group with the involvement of all employees. The components of the Compliance Program and the composition of these components are shown in the image on page 69. The Koç Group Code of Ethics and other compliance policies are intended to serve as a guide for all the Koç Group companies, employees, those acting on behalf of the Group and our business partners.

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

Departments or employees in charge of compliance at the Koç Group Companies within the scope of the Compliance Program supported by the senior managements of Koç Holding and the Koç Group have been designated. These individuals, together with business

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

The reporting mechanism (the Ethics Hotline) for establishing any violation of the legislation in force, the Code of Ethics or other Compliance Policies is open to

Code of Ethics  
& Compliance  
Policies



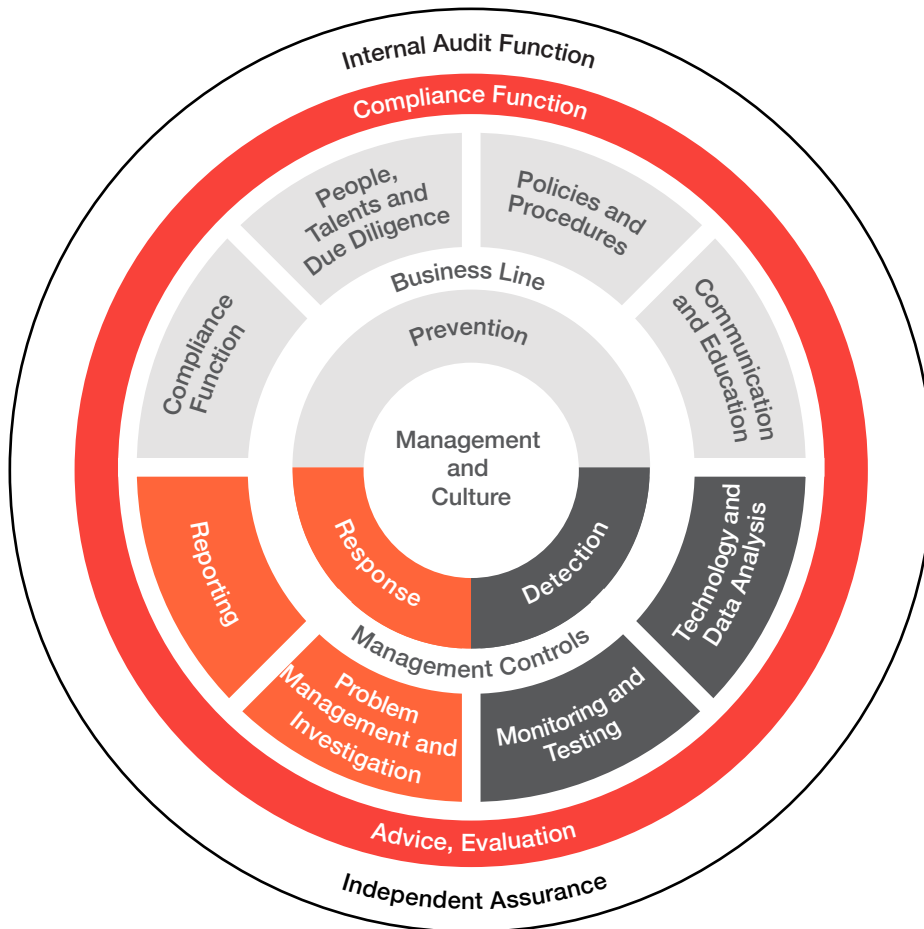
all stakeholders of the Koç Group all over the world, in particular all the Koç Group employees, as well as the Koç Group's business partners. The Koç Group Ethics Hotline is available in more than 50 countries, in 34 languages online and in 19 languages on the phone. Support is provided from independent service providers for the ethics hotline service that allows unanimous reporting, and the Group's employees are protected against potential retaliation in connection with their reports.

In addition, as part of process automation initiatives, KoçDiligence was launched in 2023, which is a sweeping electronic assessment platform for third party controls.

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

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

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



## Digital Transformation Program

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

### Digital Transformation Themes and Initiatives

Initiated in 2016, the Digital Transformation Program entered upon its eighth year as part of a process that proceeds successfully. The uninterrupted continuation of this program has proven to be a significant contributor to the successful business results achieved by the Group companies in this period of high performance. The activities carried out within the scope of the Digital Transformation Program bear strategic importance with respect to global competition and being future-ready.

Under the Digital Transformation Program, all the Group companies developed and implemented projects on digital technologies such as advanced data analytics, machine learning, artificial intelligence, natural language processing and the Internet of Things, and on various themes including customer experience, smart manufacturing, operational efficiency and so on. There was a total of more than 2,000 projects within the Digital Transformation Program as of the end of 2023. Most of these projects have been successfully 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: **Arçelik** created a new touchpoint to deliver the best possible experience to consumers with their devices and launched a platform that will give them access to any information and answer easily thanks to its rich content and that will be with them for the lifetime of the equipment. The platform is intended to get to know the consumers better with the aim of designing the service and product experiences fitting their needs and preferences. The information accessed via digitalized product guides and digital channels through 3.4 million QR codes enabled at five factories were brought together on a single platform, thus giving the consumers quick reach to the information they need.

### Digital Supply Chain and Manufacturing

The core business of nearly half of the Group companies is manufacturing. The technologies 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: Petromix project was launched at İzmir Refinery in 2023. In 2024, its expansion will continue with Kırkkale Refinery. **Tüpraş** aimed to effectively manage crude oil cargo operations at İzmir Refinery with the software it has developed. Use of the software allows optimal management of all operations such as transfer of crude oil cargoes into and between tanks, and discharge into units in accordance with operational limits, followed by the estimation of tank compositions. While port waiting times of vessels are minimized along with the costs associated therewith, planning processes were reinforced with fast decision-making features on the digital environment and personal experiences were transferred and saved on a digital model.

### 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: **Ford Otosan** took important steps to make its operators an integrated part of the new production technologies and systems in assembly processes in line with its production strategies. Integration of production operators with wearable technology and digitalization of quality process records in production systems increased process traceability, and allowed new product development, resulting in maximization of operational efficiency.

### Group Wide Supportive Activities

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

#### Data and Analytics

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

Example: Data governance program realized in collaboration with **KoçDigital** is an important component of digital transformation. Affecting business processes and contributing to strategic decision-making processes, the program not only forms a reliable data infrastructure, but also serves to accelerate the realization speed of AI projects.

#### Industry 4.0

The manufacturing companies within the Koç Group continue to focus on increasing efficiency in production by following up the technologies in the field of Industry 4.0. The Group companies continue to boost the usage of Internet of Things technology at their facilities both domestically and overseas. At the end of 2023, two out of every three manufacturing facilities within the Group were being managed by end-to-end IoT platforms. In recognition, the activities of the Group companies are cited as examples also at a global level.

#### 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 743 different groups on this platform.

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

#### Competency Development

Training programs for Group employees where they learned "Low Code / No Code" software programs that enable software development by writing no or simple codes, and generated digital solutions specific to their work-related needs continued with the incorporation of generative-AI solutions added to the training content.

Participation in special online training programs on data analytics, programming, digital marketing, autonomous vehicles, machine learning from Udacity and on strategy and leadership from Harvard Business School Online continued.

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.

## Intellectual Property

### Turkey's largest intellectual property portfolio with

- > 7,600 trademarks
- > 2,600 patent families
- > 5,200 patents
- > 1,000 industrial designs
- > 5,000 internet domain names

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

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

The Koç Group's intellectual property rights strategy:

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

The Koç Group is the first group in Turkey to have established and publicly shared an intellectual property strategy. Koç Holding initiated the "Koç Intellectual Property Management" project to implement its intellectual property strategy and achieved important results. The Group maintains and monitors its growth in intellectual property by setting various goals at the Group and individual company level. In addition, the Group continues to work on various initiatives to transform the investments made in intellectual property rights into value.

The Koç Group intellectual property rights portfolio - consisting of over 7,600 trademarks, over 2,600 patent families and over 5,200 patents, more than 1,000 industrial designs and over 5,000 internet domain names - is the largest and the most important one in Turkey. In addition, Koç Group companies review this portfolio every year and are working to keep it in such a mixture that it will further support their business goals.

The Koç Group companies filed over 1,200 patent and utility model applications in the last 5 years including 204 in 2023.

As of end-2022, Arçelik was the Turkish company to have filed applications, and received registration, for the highest number of European patents.

Turkey's patent champion, the Koç Group companies have long been part of the rankings showing domestic companies with the highest number of patent applications and released by the Turkish Patent and Trademark Offices, and are awarded in various categories. With 229 applications, Arçelik A.Ş. was placed in the second place in the list of the "Companies with the Most Patent Applications" the Turkish Patent and Trademark Office published for 2022 and successfully represented the Koç Group in the national arena.

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

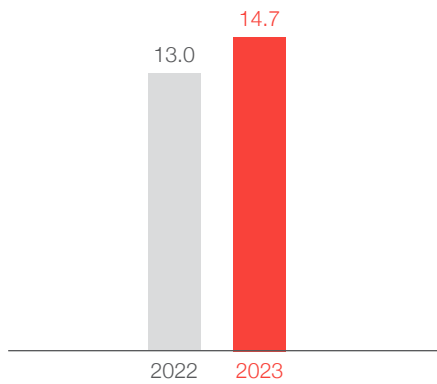
## Research and Development (R&D)

The Koç Group companies have led in their respective sectors through R&D, innovation investments and international collaborations, while also supporting the R&D ecosystem.

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

**13%**

Annual Increase



Attaching tremendous importance to achieving growth that is driven by technology, R&D and innovation, the Koç Group allocated approximately TL 14.7 billion to R&D in 2023. The Koç Group is responsible for approximately 7%<sup>1</sup> of the total R&D expenditure in Turkey's private sector, and with 38 R&D centers, one design center and six technopolis R&D offices, it has the highest number of R&D centers of any group in Turkey. The Koç Group employs 6,620 R&D personnel, corresponding to 3.5%<sup>2</sup> of all personnel working in R&D in Turkey's private sector.

Koç Holding and Ford Otosan were 2 of the 5 Turkish companies included in the European Commission's "2023 EU R&D Scoreboard" report comprising the world's top 2,500 companies in terms of R&D expenditure<sup>3</sup>.

### European Union (EU) Projects

Koç Holding provided mentorship to 100 firms under the Horizon Europe Mentoring Program. Ford Otosan was ranked first in terms of grant size and Arçelik was ranked first in the number of admitted projects in the list of the "Most Successful Turkish Industrial Organizations in Horizon Europe" published by TÜBİTAK (the Scientific and Technological Research Council of Turkey).

In addition, Koç University was ranked first in terms of grant size and 3<sup>rd</sup> in terms of the number of admitted projects in the list of the "Most Successful Research Institutions"<sup>4</sup>.

- **Arçelik, Tüpraş** and İMMİB will work on technologies to produce green hydrogen from harmful flue gases and convert them into polymers under IS24HC project.
- **Arçelik-LG** applied to the EIC Pathfinder call with clean and efficient cooling technology project.
- TÜBİTAK and **Ford Otosan** co-organized "Türkiye's 1st Hydrogen Ecosystem Conference".
- **Koçfinans** received funding as the coordinator in İraSME call with its Anomaly Detection and Predictive Maintenance Project.
- **Koç Yaşa**, together with **Koç University**, submitted the EIC Transition application titled "Hemodyn: Preoperative heart surgery modeling software".
- **Koçtaş's** and **KoçSistem's** SINTRA<sup>5</sup> and CAPE<sup>6</sup> projects received preliminary acceptance at ITEA.

(1) Based on TurkStat "Gross Domestic Expenditure on R&D by Sectors and by Funding Source" 2022 data.

(2) Based on TurkStat "R&D Personnel by Professions and by Sectors" 2022 data.

(3) <https://iri.jrc.ec.europa.eu/scoreboard/2023-eu-industrial-rd-investment-scoreboard>

(4) <https://ufukavrupa.org.tr/tr/en-basarili-turk-sanayi-kuruluslari>

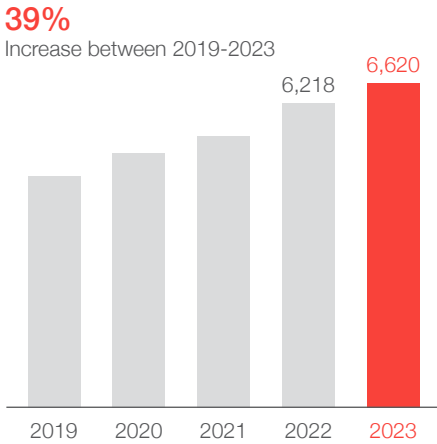
(5) <https://itea4.org/project/sintra.html>

(6) <https://itea4.org/project/cape.html>

## Research and Development (R&D)

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

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



- **Otokoç Otomotiv**'s two mobility projects titled "EcoMobility" and "ZEV-UP" received acceptance at Horizon Europe.
- SmarTravel CELTIC-NEXT project, an AI-based smart cities project in which **Setur** is the project coordinator and **Yapı Kredi Teknoloji** is involved, qualified for a grant from TÜBİTAK.
- **Tat Gıda**'s ProxIMed project for developing alternative sources of food was accepted at Horizon 2020/PrimaMed program.
- The number of **Tofaş**'s ongoing projects with international partners including the recently accepted ones went up to 21.
- **Tüpraş**'s "FUEL-UP" Horizon Europe project for converting biomass sources to fuel qualified for a grant.
- **TürkTraktör** continued to work on EFICAS project focused on AI-based energy saving in autonomous systems.
- **WAT** started R-PODID project on powering off for industrial drivers in Horizon Europe.

### Innovation Partnerships, Projects and Platforms

- At the Green Transformation Awards by the İstanbul Chamber of Industry, **Arçelik** was placed in the first place in energy efficiency process category and in third place in energy-efficient product category.
- **Arçelik** was placed in third place in the Innovation Strategy category among large-scale companies at the Inovalig organized by the Turkish Exporters' Assembly.
- **Aygaz** established the "Aygaz Innovation Academy" to consolidate innovation and entrepreneurship culture.
- For its "W-Energy for Equality" project, **Aygaz** was awarded the Best Project Award in the TEGEP Development Program Supporting Women's Participation In Business category and the Special Jury Prize at the Corporate Entrepreneurship Awards.
- **Koç Yaşa** R&D Center working on healthcare technologies was opened in İstanbul.

- **Koçfinans** held a Demo Day in May 2023 for devising new digital business models. The first fintech investment was made in Yancep, a new generation asset management platform.
- **KoçSavunma**, in cooperation with Roketsan, finalized emergency pinger development for AKYA torpedo.
- **KoçSavunma**, in cooperation with **Setur Marinas** successfully completed the Marina Tracking System Development Project.
- **KoçSistem**'s submissions for TEYDEB 1509 project for "Digital Twins and Critical Infrastructure Security" received acceptance. Furthermore, the company received an international patent for Digital Cancel Switch Device.
- **Opet Fuchs**'s Inno-Tech Agile Project team was placed in the Global Fuchs Innovation 2023 project competition.
- **Otokar**'s project "YEHO" on innovative, electrical, connected and autonomous mobility qualified for a grant at 1511 – HAMLE program.
- The paper titled "Hotel Sales Forecasting with LSTM and N-BEATS" submitted by **Setur** at UBMK 2023 (International Conference on Computer Science and Engineering) was published in the IEEE Xplore digital library.
- Tat Gıda's<sup>1</sup> TÜBİTAK 1004 S-ATP Project application, along with TÜBİTAK 2244 project application in collaboration with Uludağ University and TÜBİTAK 1601 project application as "Implementing Institution" led by Anadolu University, have been accepted.
- **Tat Gıda**'s<sup>1</sup> R&D Center working on information technology received its certificate.
- **Tofaş**, via its product development and automotive software branch set up in İzmir Institute of Technology Teknopark Software Center, works on diverse subjects including infotainment systems software, powertrain systems software, calibration applications, data science and artificial intelligence applications and the like.
- The manual steering system co-developed by **TürkTraktör** and **KoçSavunma** went into serial production.
- Launched at Tüpraş İzmir Refinery in cooperation with İstanbul Technical University (ITU), the project "Optimization of Crude Oil Processes (Petromix)" won the 1st place in "Digitalization" category at the Joint Future competition organized by TİS, the Turkish Confederation of Employer Associations.
- **Otokoç Otomotiv** takes part in the TÜBİTAK TEYDEB 1707 project together with B2METRİK company and in 1601 BiGG project with KWORKS.
- **Token**'s Beko X30 TR Android Cash Register POS device was awarded in the "Product" category at iF Design Award 2023.
- **UNVEST** R&D Center realized its first 1501 - TÜBİTAK TEYDEB application with its project titled "Digitalization of Problem Solving Therapy and Determining its Effectiveness".
- **WAT** Motor has been expanding its product range with drivers for servo motors in the defense industry and alternators for the aviation industry (Baykar).
- The second edition of **Yapı Kredi** Fast FRWRD Accelerator Program was carried out with a focus on SME Solutions with the participation of 15 startups, and the program was brought to completion with the Demo Day held in July.

(1) Koç Holding has no shareholding interest remaining in Tat Gıda as of 19 February 2024.

# Energy

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





## Energy

### Developments in the oil sector

Brent oil price started 2023 in the order of USD 81.2 per barrel. During the course of the year, crude oil prices were supported by the worldwide demand for crude oil that hit an all-time high, coupled with the deepened voluntary supply cuts of OPEC+. Having gone up to as high as USD 97.9 per barrel during the reporting period, Brent crude oil price loosened to USD 77.6 per barrel at the end of December owing to the refinery maintenances and continued increase in production by non-OPEC+, despite the support lent by the risk premium that increased in connection with Israel-Palestine conflict in the last quarter. At 82.6 USD/barrel, the annual average price of crude oil was 18.4% lower than it was in 2022.

Crack margins continued to support refineries' profitability with the effect of the solid demand in Asian and European markets.

According to Energy Market Regulation Agency (EMRA)'s December data, jet fuel demand in Turkey was up 16.8% year-on-year to 5.4 million tonnes and gasoline consumption increased by 23.6% to 4.1 million tonnes in 2023, while diesel consumption was up by 6% to 26.0 million tonnes.



### Developments in the electricity sector

According to the Turkish Electricity Transmission Corporation (TEİAŞ) data, of the installed capacity, 30% consisted of hydroelectric power plants, 24% of natural gas power plants, 20% of coal power plants, 11% of wind power plants, 11% of solar power plants and 4% of other renewable and thermal power plants. Electricity consumption in 2023 in Turkey was 0.2% lower than the previous year and was recorded as 330 TW hours.

### 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<sup>1</sup> in Europe. According to the World LPG Association (WLPGA) data released in 2023, Turkey is the world's 2<sup>nd</sup> largest in autogas consumption after Russia. Turkey also has the world's largest LPG vehicle fleet and the widest LPG station network.

According to EMRA's December data, LPG consumption in 2023 grew 14% year-over-year to reach 4.4 million tonnes, and the autogas market expanded by 13.5% to 3.5 million tonnes, whereas cylinder gas market was up by 1.5 % to 0.6 million tonnes in 2023.

Turkey's total LPG demand was split as 80% autogas, 14% cylinder gas and 6% bulk.

(1) Excluding petrochemicals and refining





### The Koç Group in the Energy Sector

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

### Companies and Domestic Positions

#### Tüpraş

Turkey's **biggest refining capacity**

#### Aygaz

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

#### Opet

#3 Fuel distribution company

#### Entek

The thriving player in the electricity generation sector

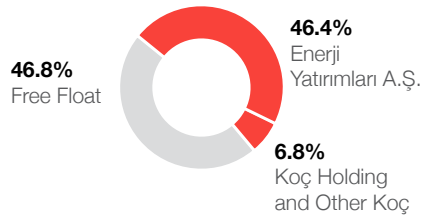
### Competitive Advantages

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

Tüpraş is the largest industrial company in Turkey.



### Ownership Structure



### Domestic Position

70% of Turkey's refining capacity  
**Leader in petroleum fuel products**  
 market consisting of gasoline, diesel, jet fuel and fuel oil

### International Position

The 7<sup>th</sup> largest refining capacity in Europe and 36<sup>th</sup> largest in the world

### Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
686,529 -25% (2022: 916,751)	90,214 -7% (2022: 96,637)	57,820 -16% (2022: 68,508)	53,577 -13% (2022: 61,314)	18%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.  
 (2) Net profit/loss attributable to the equity holders of the parent.

### Non-financial Indicators

#### ESG Commitments

- GHG emissions reduction in Scope 1 and 2 (baseline year: 2017): (2023: 6.23 million ton CO<sub>2</sub>e)  
 - Targets: 27% in 2030, 35% in 2035, 49% in 2040, Carbon Neutral in 2050 (2023: 15%)
- Commitment for % of women on board: 25%<sup>1</sup> in 5 years (2023: 18%)
- Target for % of women in new recruitments: 50% (2023: 37%)
- Commitment for increasing % of women working in STEM positions (2021 baseline year: 23%, 2022: 25%, 2023: 29%, 2026 target: 40%)
- Commitment to reach 100,000 girls by 2026 STEM Women in Technology and Innovation Program (2023: 15,000)

#### International Platforms

- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- United Nations Global Compact (UNGC)
- Hydrogen Europe
- Water Europe
- Action Coalition on Technology and Innovation of the UN Generation Equality Forum

#### Sustainability Indices

- BIST Sustainability Index
- Sustainalytics ESG Rating
  - MSCI ESG Rating
  - FTSE4Good
  - Vigeo Eiris (Moody's ESG Solutions)
  - CDP Climate Change and CDP Water Security Program
  - Bloomberg Gender Equality Index

(1) Policy acceptance date: March 2021



Established in 1983 through the merger of refineries that have been in operation since 1955, Tüpraş has a total refining capacity of 30 million tonnes at its four refineries located in Kocaeli, İzmir, Kırkkale and Batman. Additionally owning 416 MW zero-carbon electricity generation plants in total including the capacities of its subsidiary Entek, Tüpraş is the largest industrial company in Turkey with the added value and revenue that it generates.

Tüpraş fulfilled its mission to respond to our country's energy need adhering to its safe facility understanding, and recorded an 87.5% capacity utilization rate with a total charge of 26.2 million tonnes, including crude oil and semi-finished products, and produced 24.9 million tonnes of products in 2023. While meeting most of the country's demand with 23.8 million tonnes of domestic sales in connection with recovering demand, a total of 30.1 million tonnes of sales volume was achieved including exports and transit sales. Furthermore, electricity sales in 2023 totaled 2,101 GWH.

In this period of increased global volatility, Tüpraş defined its proactive balance sheet management on the back of effective financing policies, and thus created a sustainable and solid financial structure. With its qualified human resources and global competitiveness, Tüpraş continues to create added value for its shareholders, business partners and for Turkey as a whole.

### Steps taken in the strategic transformation journey

Tüpraş carries on with the combat against the climate crisis and its low carbon transition journey in line with the vision unveiled by Koç Holding. The leader of the Turkish energy industry, the Company disclosed its "Strategic Transformation Plan" devised with the target of producing the energy of the future in 2021. Tüpraş aims to lead the transformation of the



Turkish energy industry by investing in new domains that support the low carbon transition, while managing its existing assets based on sustainable profitability approach within the frame of its Strategic Transformation Plan. In line with this Plan, the Company embarked upon a journey to be transformed into a carbon-neutral energy company through emissions reduction to achieve a well-balanced and diversified clean energy portfolio. According to this plan, Tüpraş aims to reduce its Scope 1 and 2 emissions resulting from its production operations by 27% by 2030, by 35% and 49% by 2035 and 2040 respectively on the back of investments in progress, as compared to 2017, and to pursue its operations as a carbon-neutral energy company from 2050. The actions taken under the Plan resulted in 15% reduction in Scope 1 and 2 emissions by year-end 2023 as compared to 2017.

### Within the frame of Strategic Transformation Plan, Tüpraş has focused on four business areas:

#### Sustainable refining

In refining operations, focus will be placed on projects for carbon reduction, or investments with short-term returns, and more valuable products will be produced with existing assets and lower emissions.

As part of energy efficiency activities, 51 energy efficiency projects were carried out at Tüpraş refineries in 2023, which resulted in 2,057 TJ levelized energy saving annually and 113,544 tonnes of CO<sub>2</sub> emissions reduction. The energy intensity index value used to measure the energy efficiency performance of the refineries in the world was 92.4 in 2023, translating into a 27 points improvement from 2008 to date.

In line with the UN Sustainable Development Goals (SDGs), the Water Management Plan that covers Tüpraş Water Roadmap was devised under the leadership of the senior management in 2023. Door-to-door "ISO 14046 Water Footprint Assessment" was performed for the first time at all refineries of Tüpraş.

#### Zero-carbon electricity generation

As the first step towards its target of increasing the capacity of zero carbon electricity generation, Tüpraş took over Entek Elektrik Üretim A.Ş., a company that has a capacity of 442 MW and owns eight hydroelectric, one wind and one natural gas combined cycle power plants, in 2022. In 2023, Entek took over Kınık WPP, which has a capacity of 50 MW, increasing its total zero-carbon electricity installed power to 380 MW, and reaching a total installed capacity of 492 MW.

All applications Entek filed with the Energy Market Regulation Agency for an additional capacity of 1.5 GW with the commitment to develop energy storage capacity have been completed. Development and permission procedures were commenced for 11 projects with a total capacity of 653.3 MW for which preliminary license approval has been obtained and one project with an additional 65 MW-capacity for which license amendment has been approved. While an important turn was taken towards reaching the installed capacity targets set out in the Strategic Transformation Plan with the Entek's takeover and ongoing growth, work was initiated to establish solar and wind power plants in refineries at the same time.

In this context, after the 12.6 MW part that makes the first phase of the SPP-licensed hybrid facility planned to have an installed capacity of 57.8 MW, the installation of the 16.7 MW-second phase has been completed and commenced production at Kırıkkale Refinery. Furthermore, EMRA's evaluation process is ongoing for the additional 51.3 MW capacity following the revisions made to the applicable legislation.

The tender processes are underway for the 1.24 MW-solar power plant and 12.6 MW-wind power plant at İzmir Refinery. At Batman Refinery, the SPP project with a capacity of 5.0 MW has been completed and 7.0 MW SP installed power has been reached. With these steps, Tüpraş, together with its subsidiary Entek, achieved a total zero-carbon electric installed power of 416 MW.



#### **Sustainable aviation fuel production**

Basic engineering work has been completed and detailed engineering work is ongoing for the Ecofining Unit licensed by Honeywell UOP, one of the world's leading technology companies in the use of Ecofining technology, in line with the target of producing sustainable aviation fuel (SAF), which will also be a significant contributor to decarbonization goals of Tüpraş.

#### **Green Hydrogen**

Turkey's biggest hydrogen manufacturer, Tüpraş is focused on producing green hydrogen using electrolyzers that are noted for their zero-emissions. In keeping with this area of focus, basic engineering work has been completed for the installation of a 20 MW pilot electrolyzer and periodic assessments are ongoing.

#### **Sustainability-related activities**

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

R&D activities encompass a total of 17 projects with a sustainability value focus, including the recently accepted two projects by the EU Horizon Europe program. These projects can be classified into those with a focus on carbon capture, transformation and storage, clean hydrogen, renewable fuels, and water/waste recycling. Out of these projects involving multistakeholder cooperation for technology development, materials development and implementations in the specified focus areas, seven are supported by Horizon 2020, two by Horizon Europe, one by TÜBİTAK programs, whereas the remaining seven are self-funded.

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

Placing an inclusive, egalitarian, fair, and safe working environment that is respectful of human rights at the core of all its processes in keeping with its motto "Our Energy for Equality", Tüpraş aims to make sure that one out of every two

people employed in all new hirings is a woman. 37% of the employees employed in 2023 were women. The Company targets to increase the percentage of women employees in R&D, innovation, service design and IT from 23% to 40% in 5 years. In this respect, the Company reached 29% in 2023.

### Forward-looking expectations

In 2024, crack margin is projected to be at the order of ~USD 14 per barrel. The Company targets approximately 26 million tonnes of production and a total sales volume of approximately 30 million tonnes, along with about USD 500 million investments in 2024.

### Ditaş

With approximately 80% of its shares held by Tüpraş, Ditaş possesses Turkey's largest fleet of oil products tankers with 16 tankers and a carrying capacity of approximately 662,000 DWT. The tug and mooring services required by Tüpraş are carried out with 13 tugs, six mooring vessels, one service vessel, two agency vessels and one pilot craft. Ditaş transported 10.8 million tonnes of crude oil and 7.2 million tonnes of petroleum products in 2023.

### Körfez Ulaştırma

Wholly-owned by Tüpraş, Körfez Ulaştırma transported 2.2 million tonnes of fuel and intermediate products while acting as an organizer in the transportation of 64,000 tonnes of iron ore in 2023. Twelve locomotives -seven of them hybrid-, 519 fuel oil freight cars and 35 platform cars have been used in 2023 transportations. The share of rail transportation in total road and rail transportation increased to 93% in 2023 from 62% in 2017.



### Tupras Trading Ltd

Pursuing its operations in the UK, Tupras Trading Ltd, wholly owned by Tüpraş, continued to contribute positively to Tüpraş's activities with spot crude oil trading in addition to fuel oil trading operations. In 2023, Tupras Trading Ltd intermediated the trading of over 4.5 million tonnes of products and spot crude oil deal for approximately 6.5 million tonnes needed by Tüpraş refineries and posted TL 131.2 billion in revenues.

### Entek<sup>1</sup>

Entek carries out production with a total installed capacity of 492 MW with its eight HPPs (264 MW), two wind power plants (WPP) (116 MW) and one natural gas combined cycle power plant in Kocaeli (112 MW). In 2023, Entek registered sales of approximately 2.1 billion kWh and posted TL 7,952.8 million in consolidated

revenues. The portion 1.3 billion kWh of the sales quantity comprised of sales from production, whereas sales from the production at zero-carbon electricity facilities amounted to 1.0 billion kWh.

### Tupras Ventures

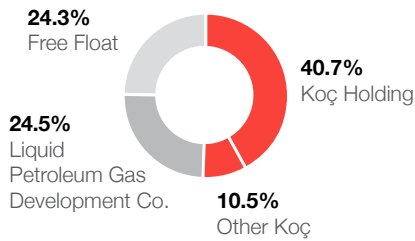
Taking its open innovation efforts actively pursued since 2017 to the next level, Tüpraş incorporated Tüpraş Enerji Girişimleri A.Ş./Tupras Ventures in September 2022 for directly investing in startups. Tupras Ventures directly invested in three technology startups, two working on green hydrogen and the other one on robotics. Additionally, the Company cooperated with two venture capital funds investing in new technology companies in the US and Europe, and became an investor. Having invested in 18 startups via these funds as of year-end 2023, the Company divested from one venture.

(1) Further details about Entek available on pages 90-91.

## The unwavering leader of the LPG sector



### Ownership Structure



### Domestic Position

**Leader of the LPG sector** since its establishment in 1961  
**Leader** in the overall LPG market with **25.7%** market share

### Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
64,835 -%9 (2022: 71,288)	539 -%12 (2022: 614)	5,466 -%16 (2022: 6,494)	5,954 -%13 (2022: 6,848)	24%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.  
 (2) Net profit/loss attributable to the equity holders of the parent.

### Non-financial Indicators

#### ESG Commitments

- Commitment for % of women on board: 25%<sup>1</sup> in 5 years (2023: 11%)
- Commitment to increase the ratio of women in STEM positions (2021 baseline year: 13.5%, 2022: 15%, 2023: 16%, 2026 target: 35%)
- Commitment to increase the ratio of women managers in STEM and innovation areas (2021 baseline year: 13%, 2022: 16%, 2023: 16%, 2026 target 21%)
- Commitment to reach 100,000 women and girls between 2022-2026 with community programs to be conducted in the areas of STEM (2023: 43,417)

#### International Platforms

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

#### Sustainability Indices

- BIST Sustainability Index
- Sustainalytics ESG Rating
- Bloomberg ESG Ratings

(1) Policy acceptance date: August 2021



Founded in 1961, Aygaz is the one and only publicly-held company engaged in the LPG sector. The Company ranks in the 27<sup>th</sup> spot in Turkey's largest industrial companies list released by Istanbul Chamber of Industry. According to independent research carried out since 2003, Aygaz consistently remains the leading brand providing high level of customer satisfaction of any brand in both the cylinder gas and autogas segments in the sector.

**Aygaz continued to lead the sector with its effective dealer and distribution network also in 2023.**

Aygaz realized 2.7 million tonnes of LPG sales in 2023. Providing countrywide services with the Aygaz and Mogaz brands, Aygaz has 2,182 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 2023, the Company sold a total of 255,000 tonnes of cylinder gas.

Aygaz has Turkey's most extensive autogas distribution network of 1,830 licensed autogas stations. The Company recorded 774,000 tonnes of autogas sales in 2023.

Aygaz manufactures the products it uses and exports such as cylinders, valves, regulators, bulk gas and autogas station tanks at the Gebze facility. The equipment exports in 2023 generated USD 33.7 million foreign currency inflow.

Aygaz conducts its shipping activities that add value to supply chain processes via Anadoluhisar Tankercilik A.Ş., its wholly owned subsidiary owning three specially-equipped and fully pressurized LPG tankers with a total transportation capacity of 28,800 m<sup>3</sup>.



In 2023, Aygaz and its subsidiaries undertook TL 64,835 million in investment mainly in facility modernization, new autogas stations, cylinder, environment, safety and digital transformation.

**Carbon transition initiatives**

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

GHG emissions verification activities continued in 2023. Along this line, carbon footprint intensity which was 1.19 tCO<sub>2</sub>e / million TL in 2021 was found to be 0.30 tCO<sub>2</sub>e / million TL in 2023. Additionally, efficiency projects implemented at the facilities helped avoid 670 tonnes of carbon emissions.

**R&D initiatives**

Having established the first R&D Center of the Turkish LPG sector, Aygaz works on new product, machinery and process development and on alternative fuel and clean energy. In 2023, the Company focused on digitalization, increasing LPG use, and R&D projects aimed at reducing its emission levels and carbon footprint. GreenOdor, the world's first sulfur-free LPG odorant, has been in use at all filling terminals since 2022. Under the project, a total of 1.7 million tonnes of LPG was odorized using GreenOdor during the reporting period, thus reducing Sox emission from LPG by approximately 65%.

The products developed based on Aygaz R&D activities continued to be awarded by leading organizations. During the LPG Week organized in Rome by the World LPG Association (WLPGA), the Cylinder Loading Robot developed for increased operational efficiency and ergonomics at the cylinder filling facilities and put into use at Ambarlı Terminal was awarded in the operation category at GTC (Global Technology Conference).

### Equal opportunity and diversity

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

### Compliance and corporate governance

In addition to the policies introduced in previous years for more effective management of the Company's compliance risks, "Policy on the Protection and the Processing of Personal Data", "Personal Data Protection Policy" and "Competition Law Compliance Policy" were developed in 2023 within the scope of its compliance program. In addition, the "Compliance Policy" enforced in 2022 was revised and publicly disclosed.

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

### Corporate citizenship

Supporting sustainable projects that create permanent value and pursuing environmental balance while contributing to social development are two key factors that lie at the heart of Aygaz's corporate citizenship approach. In this context, the Company supports projects in areas such as gender equality, history, culture and the arts, environment, health, sports, and education, many among the UN Sustainable Development Goals. During 2023, Aygaz continued with its sponsorship of the İstanbul Theater Festival, Beşiktaş Handball, Fenerbahçe Football and Tofaş Basketball teams. The Company also extended support to the excavations in Sivas Kayalıpınar and İznik Tile Furnaces.



### Digitalization

Developing innovative products and services on the back of solutions focused on innovation and digitalization, Aygaz prioritized data, automation, digital customer and digital dealer applications in the digitalization area in 2023. Along this line, the Company implemented nearly 20 data and automation projects in relation to supply chain and production during the reporting period, and also launched the new Aygaz Mobile, new Aygaz Web projects within the scope of digital customer applications. With Aygaz Mobile, the Company reached 1.3 million downloads and 1 million members in just one year. Approximately 200,000 orders per month started to be received through these systems.

With its stance emphasizing equality in technology, Aygaz' "W-Energy For Equality" project was named the Best Project in the Development Program Supporting Women's Participation in Business category by TEGEP (Education and Development Platform Association,

and was awarded the Special Jury Prize at the Corporate Entrepreneurship Awards co-organized by Özyeğin University and Girişimci Kurumlar Platformu (Entrepreneurial Organizations Platform).

### Strategies of Aygaz

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

### Forward-looking expectations

Aygaz targets to sell 240,000-250,000 tonnes of cylinder gas, and 770,000-800,000 tonnes of autogas in 2024.



### United Aygaz LPG

Established in Bangladesh as a joint venture of United Enterprises, one of the country's largest companies, and Aygaz within the frame of Aygaz's international growth strategy, and having commenced sales operations as of August 2022, United Aygaz LPG registered 58,695 tonnes of sales in 2023. The Company operates with four spheres with a total capacity of 11,000 tonnes in line with its investments initiated at Chittagong (Chattogram) in 2021, and the installation of two new spheres with an additional capacity of 5,000 tonnes is in progress. For the investments in the Dhakka region as part of the expansion into Bangladesh, permission processes and the installation of a sphere with a 3,000 tonne-capacity are ongoing.

One of the world's fastest growing markets, Bangladeshi LPG market's total size, which was 148,000 tonnes in 2015, reached 1.4 million tonnes<sup>1</sup> in 2022. With household consumption constituting 85% of total consumption, Bangladeshi LPG market had a combined annual growth rate (CAGR) of 22% over the past five years.

Two capital increases were carried out in February and November 2023 in line with the Company's investment program. As a result of these transactions, the capital of United Aygaz LPG went up from 3,260 million BDT to 5,844 million BDT (ca. USD 60 million<sup>2</sup>).



### Sendeo Dağıtım Hizmetleri A.Ş.

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

### Pürsu (Bal Kaynak Su)

Delivered to customers under the brand name Pürsu, Bal Kaynak Su (natural spring water) sales in PET and glass bottle segment reached 61.6 million liters, whereas 7.18 million units of bottled water were sold in 2023.

### Aygaz Doğal Gaz Toptan Satış A.Ş.

Established in 2004 and a subsidiary of Aygaz, Aygaz Doğal Gaz is engaged in the sale of natural gas through pipelines to eligible consumers. It also has wholesale, transmission and export operations to provide liquefied natural gas (LNG) to customers who do not have access to natural gas by pipeline through special transport vehicles. Aygaz Doğal Gaz reached a sales volume of 78.5 million m<sup>3</sup> in 2023.

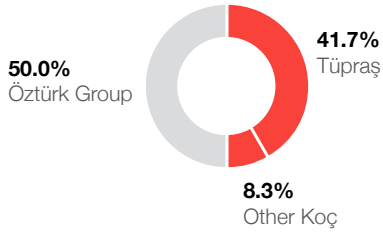
(1) Source: WLPGA data

(2) Calculated using the exchange rates for the relevant period.



Opet brings superior-quality products and services to its customers with its network of 1,866 stations.

### Ownership Structure



### Domestic Position

**3<sup>rd</sup>** in white products with **19%** market share  
**1<sup>st</sup>** in black products with **28.4%** market share

### Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
277,853	3,068	2,999	2,590	<p>15%</p>
-18%	+124%	+214%	+924%	
(2022: 339,167)	(2022: 1,368)	(2022: 956)	(2022: 253)	

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

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

### Non-financial Indicators

#### International Platforms

- UN Women's Empowerment Principles (UN WEPs)



Established in 1992, Opet has been managed by the Öztürk Group and the Koç Group since 2002. The Company operates in the fuel distribution sector via retail sales, commercial and industrial fuel sales, storage and international product trade. With more than 1,000 employees, 1,866 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; supplies and sells jet fuel via THY-Opet, a 50-50% partnership with Turkish Airlines (THY); undertakes EV charging station operation via WAT Mobilite in which it holds 24% stake, and makes renewable and sustainable energy investments through Esinti Enerji Üretim A.Ş. in which it holds a 24% stake. The company is engaged in gas station operation via Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş.

### Opet ranks 3<sup>rd</sup> in white products and 2<sup>nd</sup> in the retail segment.

In 2023, Opet increased its sales parallel to the market growth. In the retail segment, however, Opet increased its sales by 15%, outperforming the market's 11%. Opet ranks 2<sup>nd</sup> in the retail sales.

THY-Opet, which serves a number of domestic and international airlines in all airports throughout Turkey, reached jet fuel sales of 1,008,283 m<sup>3</sup> in 2023.

Opet Fuchs manufactures automotive and industrial lubricants and auto care products in its brand new production facility in Alağa, İzmir; the company reached 44,892 tonnes of mineral oil sales at the end of 2023.



Regarding social responsibility projects a part of its job, Opet aims to produce permanent solutions to issues with its initiatives that it refers to as "Conscious Society Projects". Marking the inception of Opet's becoming a brand name identified with hygiene, the Clean Toilet Campaign that started 23 years ago evolved into a polished society project adopted by the whole country.

Launched in 2017 and designed to increase women's employment at Opet stations and eliminating gender stereotyping in workplaces, the "Women Power Project" is an important initiative by Opet. Extending support to "Women Power" and pursuing its activities with the understanding that "powerful women make powerful communities", Opet and UN Women joined forces and initiated the "Equality Matters" Project, a first in Turkey's fuel distribution industry. Opet will accelerate the effective implementation of the Women's Empowerment Principles (WEPS) and will develop a Gender Equality Action Plan of four projects, under which gender equality trainings will be provided to approximately 16,000 employees and stakeholders at fuel stations. The main goal of the project is to develop gender-responsive corporate policies and practices in the sector and society.

### Forward-looking expectations

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

In 2024, the Company will be evaluating renewable energy projects and carry on with the execution of new initiatives for the establishment of EV charging stations via its new investment, WAT Mobilite Çözümleri.

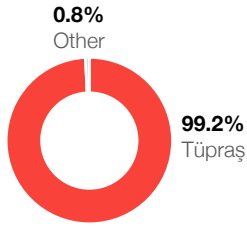
Opet takes the necessary actions under the Carbon Transition Program launched by Koç Holding to become carbon-neutral by 2050 and covering concrete and feasible steps for combating the climate crisis.

Opet is having the Maydos Division Encampment in Eceabat that Mustafa Kemal Atatürk used when he was the 19<sup>th</sup> Division Commander during the Çanakkale Wars restored in memory of the Centennial of the Republic. The Encampment is planned to be opened for visiting in 2024, as a present to the second century of our Republic.



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

### Ownership Structure



### Domestic Position

Total installed capacity of **492 MW**, of which 380 MW is zero carbon electricity

### Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>
7,953	1,153	852	1,174
-44%	-47%	-65%	-68%
(2022: 14,144)	(2022: 2,170)	(2022: 2,430)	(2022: 3,666)

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

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

### Non-financial Indicators

#### ESG Commitments

- Commitment to increase % of women working in corporate and managerial positions by 40%<sup>1</sup> by 2028 (5 years)

(1) As of 2023, in line with Entek's priorities and sustainability targets, new business models such as Renewable Energy EPC (Engineering, Procurement, Construction) Projects and Energy Efficiency have been established. Commitment regarding percentage of women working in corporate positions have been revised in line with the strategic, fast growth in this business line.



As one of Turkey's first private sector autoproducers, Entek was established in 1995 to supply electricity and steam, and started actual production in December 1998. Entek has a total installed capacity of 492 MW with a total of eight hydroelectric power plants (HPPs) located in Kahramanmaraş, Karaman, Samsun and Mersin with a combined installed electricity capacity of 264 MW; two wind farms with an installed capacity of 116 MW located in Edirne and İzmir; and a natural gas cycle power plant with an installed capacity of 112 MW, located in Kocaeli. The share of renewable energy reached 77% of total capacity.

Besides production facilities/companies, Entek holds 100% stake in Eltek that is engaged in electricity wholesaling and 10% stake in WAT Mobilite incorporated for dissemination of vehicle charging stations across Turkey.

Süloğlu and Kınık wind farms in the Company's portfolio are eligible to benefit from the YEKDEM mechanism, which provides foreign currency indexed income, until the end of 2025 and 2027, respectively.

In 2023, Entek generated 1,043 GWh electricity from renewables.

### Steps for Zero-Carbon Electricity

Aiming for growth in the field of renewable energy and diversification of its portfolio composed mainly of hydroelectric resources, Entek qualified for 20 MW Hybrid SPP capacity for Süloğlu wind plant; approval procedures for this project are in progress. In addition, the Company was entitled to receive 14.4 MW additional capacity for Süloğlu wind plant as a result of capacity increase application filed with the Turkish Electricity Transmission Corporation (TEİAŞ); pre-construction permission procedure is ongoing.



The Süloğlu company, which was wholly acquired by Entek in 2021, was merged into Entek on 10 November 2023 for simplification of its shareholding structure.

The evaluation process was completed for all applications Entek filed with the Energy Market Regulatory Authority (EMRA) for an additional 1.5 GW capacity with the pledge to establish a storage facility. Development and permission processes

The closing occurred on 7 November 2023 for the takeover by Entek of 73.8% (including indirect shares) of the shares in Esinti Enerji company that owns Kınık wind farm and the portion of 24.3% thereof by Opet.

These steps are considered important for Tüpraş's growth strategy in zero-carbon energy sources.

Entek is also active in the construction of SPP projects for self-consumption. In this context, the Company was involved in the construction of the 43 MW SPP.

### Forward-looking expectations

In order to reach a balanced portfolio structure and increase its market share in the coming period, Entek plans to press ahead with its investments in power plants based on renewable energy resources through asset purchases, privatization and project development methods.

While continuing to take advantage of the opportunities offered in our country, Entek also has an interest in renewable energy projects in the operational and development stages in priority markets with the aim of spreading to different regions and diversifying risks.

In 2021, Tüpraş announced its Strategic Transformation Plan and commitment to be carbon neutral by 2050. The renewable energy company, Entek, is undertaking an important investment in the field of "Zero-carbon electricity", which is one of the four strategic business lines which Tüpraş will focus on. Entek is continuing its business development activities in this context.





# Automotive

Unique positioning in the Turkish automotive industry with our leading brands, R&D capabilities, manufacturing power and export performance

## Automotive

### Developments in the automotive sector

Increased vehicle availability enabled by improved semi-conductor supply in 2023 and vehicle purchase being regarded as an investment tool amid the high-inflation environment have been influential in the rise in domestic sales. According to the Automotive Manufacturers Association (OSD) data, total automotive sales in Turkey rose by 55% to 1,283,952 units in 2023 that marked its historic high. Passenger car sales augmented by 63% year-on-year to 967,341 units, while light commercial vehicle sales grew by 39% to 265,294 units. Heavy commercial vehicles sales, on the other hand, were up by 17% to reach 51,317 units.

In Europe, Turkey's most important export market, demand for passenger cars increased by 14% and that for light commercial vehicles by 16%, given the improvement in the supply chain and the low base effect from the previous year.

According to OSD data, Turkish automotive exports was up by 5% year-on-year in terms of units in 2023 to end the year at 1,018,247 units. Export revenues in the sector, on the other hand, came in at USD 35.7 billion, marking a 13% rise on an annual basis. The automotive sector remained the leading industry in Turkish exports. Automotive production increased by an annual 9% to be registered as 1,468,393 units in 2023.



In 2023, the Turkish bus market grew by 7% compared to the previous year, despite the contraction in the intercity bus market. The European bus market expanded by 27% driven by the 47% growth in the plug-in bus segment. The greatest contributors to the growth were Spanish, Italian and German markets. Total bus exports, on the other hand, went up by 44%.

### Developments in the tractor market

Turkey is Europe's largest market in terms of the number of tractors sold. According to the data released by the Turkish Statistical Institute (TurkStat), the Turkish tractor market reached the historic-high volume of 77,901 units in 2023, translating into a rise by 16% compared to the previous year.

According to figures published by The Turkish Association of Agricultural Machinery & Equipment Manufacturers (TARMAKBIR), exports went down by 10% to 20,148 units. According to the same data, production rose by 16% to 92,581 units.

### Developments in the defense industry

While localized and national industry concept remained at the forefront in the defense industry, exports has been the main area of growth for the sector.





### The Koç Group in the Automotive Sector

44% of Turkey's automotive production and 37% of its exports are realized by the Koç Group companies.

### Companies and Domestic Positions

#### Ford Otosan

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

#### Tofaş

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

#### TürkTraktör

#1 in Tractors

#### Otokar

#1 in Buses

#### Otokoç

#1 in Automotive retailing  
#1 in Car rental

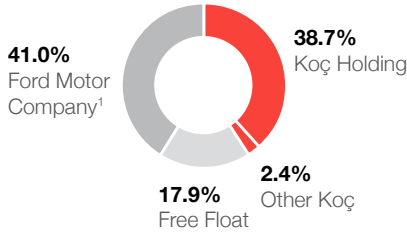
### Competitive Advantages

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

## FORD OTOSAN

Ford Otosan is putting its new generation vehicle projects into practice step by step, with a production capacity reaching 746,500 in 4 production centers in 2 countries.

### Ownership Structure



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

### Domestic Position

3<sup>rd</sup> in total vehicle sales with a **8.9%** market share  
**Leader** in commercial vehicles with a **27%** market share  
**27% of total automotive production and 77% of commercial vehicle production** in Turkey with ~400 thousand units

### International Position

Accounts for **88%** of Turkey's commercial vehicle exports  
**The largest commercial vehicle manufacturing hub** of Ford in Europe  
**One of the 4 automotive factories in the world and the only Ford factory** included in the Global Lighthouse Network  
**International automotive manufacturer** with 4 production centers  
 100% intellectual property rights and 90% localization rate at Ford Trucks

### Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
411,906 +28% (2022: 322,556)	36,928 +46% (2022: 25,284)	47,428 +86% (2022: 25,447)	49,056 +77% (2022: 27,730)	73%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.  
 (2) Net profit/loss attributable to the equity holders of the parent.

### Non-financial Indicators

#### ESG Commitments

- Carbon neutrality target in production and R&D facilities in Türkiye by 2030
- Reduction in fresh water consumption per vehicle by 40% by 2030<sup>1</sup> (2023: Türkiye 3,318 m<sup>3</sup>, Romania 2,634 m<sup>3</sup>)
- Commitment to keep the % of women on the board of directors at 25%<sup>2</sup> (2023: 27%)
- Commitment to increase % of women in all executive positions (2022: 23%, 2023: 24%, 2030 target 50%)

- Commitment to increase % of women working in the fields of technology and innovation to 30% by 2026 (2021 baseline year: 18%, 2022: 20%, 2023: 22%)

#### International Platforms

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

- United Nations Global Compact (UNGC)
- Science Based Targets Initiative (SBTi)
- CDP Climate Change Score "A-", CDP Water Security Score "B"

#### Sustainability Indices

- BIST Sustainability index
- Bloomberg Gender Equality Index
- FTSE4Good

(1) Base year: 2019

(2) Policy acceptance date: July 2022

(3) This ratio, which was 33% as of year-end 2023, became 27% upon the resignation of one board member from Ford Otosan's Board of Directors on 31 January 2024.



**Ford Otosan is one of the largest vehicle manufacturing hubs in Europe and Turkey with a production capacity that went up to 746,500 on the back of solid growth plans.**

Established in 1959, Ford Otosan is Ford's largest commercial vehicle manufacturer in Europe; the automotive manufacturer with the highest capacity in Turkey, and the largest company in goods exports in Turkey with a production capacity of 746,500 vehicles, 437,500 engines, 140,000 powertrains and 15,000 Ecotorq transmissions, i.e. Turkey's one and only heavy commercial vehicle domestic automatic transmission.

Ford Otosan is a global automotive company operating with over 23,000 employees at four locations in two countries. With a commercial vehicle production capacity of 474,500 vehicles at its Kocaeli (Gölcük and Yeniköy Plants) and Eskişehir Plants in Turkey, the Company is responsible for 77% of Turkey's commercial vehicle production and 88% of commercial vehicle exports. Ford Otosan has been Turkey's goods export champion for the past eight years in a row. Located in İstanbul and pursuing activities with 2,298 R&D employees, Sancaktepe R&D Center is the largest one in the Turkish automotive industry. The Spare Parts Warehouse, which is also located in İstanbul, boasts a 97% order fulfillment rate and is one of Turkey's largest automotive spares distribution centers.

Within the frame of investment plans, the Company transferred the manufacturing of Courier vehicles from its Yeniköy Plant to Romania Plant, where it initiated the production of new generation Courier vehicles in the fourth quarter of 2023. With a vehicle manufacturing capacity now up to 272,000 and an engine production capacity of 350,000 in Romania, Ford Otosan has risen to the position of Romania's second biggest exporter.



The Company is a global engineering hub for Ford's heavy commercial vehicles and related diesel engines and engine systems as well as a global support center for design and engineering of light commercial and passenger vehicles. Ford Otosan commands all the know-how, competencies and infrastructure necessary to design, develop and test a complete vehicle with all its processes, including the engine.

**Ford Otosan realized 77% of Turkey's commercial vehicle production and 37% of Romania's vehicle production.**

Transitioning to the production of new generation models in 2023, Ford Otosan manufactured 589,758 vehicles owing also to the improved procurement of semi-conductors, and registered a capacity utilization rate of 81%. Capacity utilization rates were 88%, 93%, 75% and 98% at Gölcük, Yeniköy, Eskişehir and Craiova Plants, respectively. Accordingly, Ford Otosan's share in Turkey's commercial vehicle production reached 77% with respect to the commercial vehicles manufactured in the plants in Turkey. With 190,964 vehicles manufactured at the Craiova Plant, Ford Otosan carried out 37% of total vehicle production in Romania.

**In 2023, Ford Otosan kept putting into effect its new generation vehicle projects steadily within the frame of its growth plans.**

In July, the production of Courier at the Yeniköy Plant was ceased, and the new generation Courier manufacturing was kicked off in Romania in the fourth quarter of the year. The all-new Ford Courier has been the first light commercial vehicle to earn a platinum safety award with the highest score from Euro NCAP.

The restructuring of the Yeniköy Plant that will be home to the manufacturing of 1-tonne commercial vehicles was completed in the 4<sup>th</sup> quarter of the year. Described as the plant of the future with its covered space enlarged to almost 2.5 folds of its previous area, high automation levels, multi-storey shops, innovative technologies and sustainability practices, Yeniköy Plant's opening took place on 4 November 2023. In the period ahead, Yeniköy Plant will undertake the production of new generation 1-tonne commercial vehicles both for Ford and Volkswagen brands with its increased vehicle production capacity.

The manufacturing of the internal combustion version of the new generation Custom started at Yeniköy Plant in the 4<sup>th</sup> quarter of the year. The new Custom has been the recipient of the International Van of the Year 2024 award at IVOTY.

**Its competitive product portfolio manufactured with an on-time, flexible and high-quality production concept makes Ford Otosan the key enabler of Ford's leadership in commercial vehicles in Europe.**

Ford Otosan manufactures 70% of commercial vehicles Ford sells in Europe. While Ford Otosan's Kocaeli Plants are the only production hub in Europe for the Transit line, Ford Otosan is the sole manufacturer of Ford Custom, Ford Courier and Ford Puma.

High demand for Ford's vehicles persisted in 2023, and Ford's unbroken leadership in the European commercial vehicle market made it to its 9<sup>th</sup> year. Commercial vehicle sales in Europe, which is Ford Otosan's primary export market, increased by 16% annually, and the Company's overseas sales grew by 25% year-on-year and reached 490,777 vehicles in the same timeframe.

Pursuing its operations on the basis of profitable growth strategy in commercial vehicles in the domestic market that has seen record sales figures in 2023, Ford Otosan sustained its leadership with 27% share. In passenger cars, the Company gained an additional 1.3 points market share and upped it to 3.2% with its profitability focus. According to figures released by the Automotive Distributors Association, Ford Courier has been the "Best-Selling Light Commercial Vehicle Brand of the Year".

**Operating in 48 countries in the international markets as of 2023, Ford Trucks renewed its production record and the production capacity of Eskişehir Plant went up to 22,500.**

Ford Trucks kept growing production and sales numbers also in 2023. The brand reached an all-time high production number of 19,132 and sales number



of 11,659. In the domestic market, the Company increased its sales by 30% carrying its market share up to 29.7%.

In the reporting period, Ford Trucks' international sales declined by 4% to 7,407 units, as the Company prioritized the domestic requirements to support the construction activities for rebuilding the earthquake-hit cities in our country.

Having unveiled its first electric truck E-Trucks in 2022, Ford Trucks charges ahead with its work on electrification projects and alternative fuel technologies in the pathway to zero-emissions by 2040. Ford Trucks aims to achieve zero emissions in half of its sales to Europe by 2030.

**In 2023, Ford Otosan manufactured 14,888 E-Transit vehicles, Turkey's and Ford's first all-electric commercial vehicle, and publicized the New Generation E-Custom and E-Courier that will be manufactured in 2024.**

Carrying the production responsibility for E-Transit, which is Turkey's and Ford's first all-electric commercial vehicle, Ford Otosan plays an important role in the electrification of commercial vehicles. Catering to commercial vehicle customers' demand for electric vehicles in Turkey and in foreign markets with its distinguishing properties, 14,888 E-Transit vehicles were produced in 2023. All-electric Ford E-Transit obtained gold award in

commercial vehicles category from Euro NCAP for its comprehensive suite of driver assistance systems. This award further leverages Ford's leadership in commercial vehicle safety. Ford is the only manufacturer with commercial vehicles holding gold awards all in 1-tonne, 2-tonnes and EV segments.

Developed by Ford Otosan and to be manufactured in Romania from 2024, the all-electric New Generation E-Courier was publicized in the second quarter of the year. Within the frame of Ford Otosan's ongoing electrification plans, the new generation Ford Custom's rechargeable hybrid (PHEV) and all-electric models and all-electric versions of the new generation Courier and Puma will start to be manufactured in 2024 as well. The production of all-electric E-Trucks, on the other hand, is slated for commencement in 2025.

**One of the most reliable dividend payers on BIST.**

In 2023, Ford Otosan paid out the highest dividends in its history with TL 15,443 million in total, which was paid in two instalments. All in all, dividends distributed by Ford Otosan since 2004 to date amounted to USD 5.6 billion.

### Ford Otosan revealed its long-term sustainability targets in 2022.

In 2022, Ford Otosan announced its long-term sustainability goals focused on “Climate Crisis and Energy Management”, “Waste Management and Circular Economy”, “Water”, “Gender Equality” and “Social Benefit”.

#### Climate Crisis and Energy Management

##### Targets:

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

#### Waste Management and Circular

##### Economy

- Zero waste to landfill policy in its operations by 2030
- Eliminate single-use plastics in personal use by 2030
- Increase the ratio of recycled and renewable plastic in the materials used in vehicle production to 30% by 2030

##### Water

- Reduce use of clean water per vehicle by 40% by 2030

##### Social Benefit

- Increase % of employees volunteering for community projects to total employees to 35% by 2030

##### Gender Equality

- Increase % of women in all managerial positions to 50% by 2030
- Increase % of women working in technology and innovation to 30% by 2026
- Double % of women working in technology and innovation throughout the dealer network by 2026

- Reach 100,000 women by 2026 through community training, awareness and financial support projects
- Support at least 50% women-led startups

Ford Otosan had its first Corporate Governance Principles Compliance Rating performed in 2023 and was assigned a score of 9.42 on a scale of 10.

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

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

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

Collaboration established with suppliers play a big part in the automotive industry. As the background of manufactured vehicles is woven by procurement of thousands of parts, suppliers are supported in their development in order to maintain Ford Otosan standards.

The activities Ford Otosan initiated in 2022 to become carbon neutral throughout its value chain continued at a faster pace in 2023. Having started with consciousness sessions, the process goes on with self-assessment and training involving all suppliers, and auditing of critical suppliers. Ford Otosan published “Supply Chain Compliance Policy” in 2021 and “Supplier Sustainability Manifesto” in 2023.

### Forward-looking expectations

After the historic record levels reached in 2023, Turkish automotive sector sales in 2024 are anticipated to decline as compared to the previous year due to the effects of the tight monetary and fiscal policies that are being implemented to fight inflation, and converge in on the long-term average. The normalization in the automotive market will possibly bear a limited impact on the commercial vehicle segment because of the investment expenses that are expected to continue countrywide.

In Europe, on the other hand, the rise in the mean age of commercial vehicles market in particular, and the transition trend to zero-emission vehicles will likely back the tendency to recompose fleets despite the ongoing recession risk. Additionally, demand for the commercial vehicles market leader Ford’s products will probably gain further strength in domestic and foreign markets owing to its product portfolio transformed with new generation models. In this framework, Ford Otosan’s domestic sales and export volumes are anticipated to increase in the period coming.

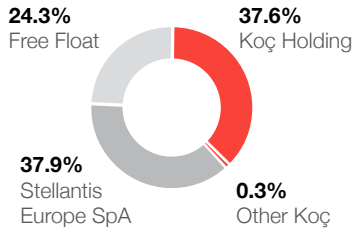
In 2024, Ford Otosan will carry on with end-to-end digitalization of all its production facilities and operations, and recompose its production portfolio with electrical models in keeping with its agile management concept focused on quality, cost and talent management. While prioritizing working capital and effective cash management, Ford Otosan will continue to back its profitability with a combination of ongoing cost-cutting measures and pricing discipline.

# TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

Tofaş maintained its leadership in the Turkish automotive market with Fiat brand for five consecutive years.

## Ownership Structure



## Domestic Position

With **15.7%** market share, Fiat is the leading and **the most preferred brand (for 5 consecutive years)**  
**Most preferred automobile (for 8 consecutive years)** Fiat Egea  
**Highest share of local production in the sector** 84% share in total sales  
**16% of the total production in Turkey** with ~240,000 units  
 Two **fastest-growing** brands in the industry: Alfa Romeo and Maserati

## International Position

**Advanced R&D center** with new vehicle development competence and responsibility within the Stellantis Group  
 Automotive exports to various parts of the world with **Egea model under Fiat Tipo brand**

## Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
127,601 +3% (2022: 124,019)	15,460 +48% (2022:10,442)	18,327 +70% (2022: 10,778)	15,083 +61% (2022: 9,374)	20%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.  
 (2) Net profit/loss attributable to the equity holders of the parent.

## Non-financial Indicators

### ESG Commitments

- Scope 1 and 2 GHG emissions target: 50% reduction compared to 2021 baseline year by 2030 (2023: 28%)
- Fresh water consumption per vehicle by 2024: 1.88 m<sup>3</sup>/vehicle (2023: 2.4 m<sup>3</sup>/vehicle)
- Commitment for % of women on the board of directors seats: 25%<sup>1</sup> in five years (2023: 20%)
- Target to increase % of women employees:

- 2026 target for total number of office employees: 35% (2021 baseline year: 22.9%, 2022: 23.5%, 2023: 24.5%)
- STEM positions 2026 target: 30% (2021 baseline year 18%, 2022: 19%, 2023: 20%)
- Senior executive positions in STEM 2026 target: 20% (2021 baseline year: 13%, 2022: 15%, 2023: 12%)
- Commitment to reach 30,000 women and girls until 2026 through STEM community programs (2023: 2,350)

### International Platforms

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

### Sustainability Indices

- BIST Sustainability 25 Index
- CDP Climate Change Score "B", CDP Water Security Program Score "A-"

(1) Policy acceptance date: January 2022



Tofaş, with its history going back to 1968, is one of Turkey's leading industrial companies with its production capacity, export performance, R&D capabilities and approximately 6,000 employees. Tofaş factory manufactures the Fiorino model as well as Sedan, Hatchback, Station Wagon, Cross and Cross Wagon body types of Fiat Egea line. A strong player in the domestic market with a broad portfolio of brands and products catering to customer expectations, Tofaş is also the representative of six brands, namely Fiat, Fiat Professional, Alfa Romeo, Jeep®, Maserati and Ferrari.

In 2023, Tofaş realized 16% of Turkey's total automotive manufacturing, and took its 7<sup>th</sup> million vehicle off the production line, achieving a major milestone in its production journey.

Besides its sustained leadership in the industry over the past five years, Tofaş captured significant market growth in all brands it represents with the added support lent by the electric vehicles it has presented to the market. Egea, developed and manufactured by Tofaş, has succeeded in being Turkey's most popular car for the eighth year in a row with its renewed versions. In 2023, Tofaş put on sale in Turkey Fiat Fiorino's special series developed for the centennial of the Turkish Republic, as well as Fiat Egea Limited version.

The framework agreement concluded between Koç Holding and the Stellantis Group in March 2023 was followed by the acquisition agreement signed by Tofaş and Stellantis Türkiye in July. Under this strategic partnership, it was covenanted that the commercial operations of all Stellantis brands in Turkey will be gathered under the Tofaş roof, and the new KO model planned for five different brands in the medium light commercial



vehicles segment will be manufactured at Tofaş. Pending for necessary regulatory approvals including the approval of the governing competition authorities, the deal is expected to be consummated in 2024.

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

Considering its digital optimization practices aimed at productivity and its initiatives targeted at smart factory among its priorities to constantly improve its competitive strength, Tofaş realized more than 1,700 projects in digitalization over the past five years, approximately 300 of them in 2023. The main projects in 2023 included technologies such as the Internet of Things (IoT), advanced analytics and machine learning, image processing and cobots.

Tofaş increases its customers' interaction with vehicles by developing the connectivity solutions it introduces to the market on new generation vehicle platforms with Fiat Connect application, i.e. its in-house developed connectivity technology. The first remote access technology in its class, Fiat Connect enjoys a pioneering position in the

domestic market being a web- and mobile-based support service that makes it easier for users to learn about and act on the details about motor vehicles including servicing history, and provides special reminders such as custom-tailored campaigns and periodic maintenance dates. With the latest developments in 2023, Fiat Connect now supports smart watches.

Possessing the know-how and competencies to develop a complete vehicle from scratch at the point it has reached, Tofaş R&D Center is involved in the product development of different models of Stellantis as well as those manufactured at the Tofaş factory. One of Turkey's top corporate R&D spenders, Tofaş constantly expands its scope of activities to respond to global automotive software needs. Tofaş R&D Center targets to expand its team by including engineering companies and freelance software developers, and to increase its R&D exports by working with a much wider R&D ecosystem. Via its product development and software branch set up in İzmir Institute of Technology Technopark Software Hub that became operational in 2022, Tofaş works on

various areas such as component and system design for various makes and models in the Stellantis universe, virtual/physical verification, prototyping, etc.

### **A constantly improving, value-generating management model**

Considering all its activities in terms of their social, environmental and economic aspects, Tofaş makes it a priority to create a constantly improved, value-generating management model. Sustainability approach and practices are addressed as a whole by involving all stakeholders of Tofaş.

The first Turkish company to be included in the CDP Global climate leaders list, Tofaş regards it a fundamental responsibility to conserve natural resources and minimize the environmental impacts of its operations. The Company focuses on controlling and minimizing the indirect environmental impacts emerging across the entire value chain, as well as its own direct impact upon the environment.

As being a part of Koç Holding's Carbon Transition Program designed for becoming carbon-neutral by 2050 and covering concrete and feasible steps for combating the climate crisis, Tofaş made a submission to the Science-Based Targets initiative (SBTi) in 2023 and affiliated to this international initiative that aims to eliminate the negative impacts of the climate crisis. Tofaş targets to achieve 50% carbon reduction in Scope 1 and 2 combined by 2050, mainly through energy efficiency projects, solar power generation and consumption. To achieve its carbon-neutrality goal by 2050, Tofaş will consider using green and blue hydrogen depending on the development of the relevant technology, and electrification in manufacturing and carbon capture activities.



Tofaş is planning to add momentum to various initiatives like energy efficiency projects and circular economy, while increasing green material use and the share of electrification in products. In parallel with the Stellantis target of having 40% green materials in new vehicles by 2030, Tofaş is targeting to increase the green material usage ratio in new vehicles that it will design and manufacture. Tofaş is also carrying out pilot studies on updating the vehicles with high GHG emissions in its vehicle park.

### **Support to empowering women in technology and innovation**

To Tofaş, it is a primary responsibility to create a working environment that is safe, healthy and conducive to learning and development for all its employees. In keeping with the UN Women's Empowerment Principles (UN WEPs) that it has become a signatory to in 2017, and the Tofaş Code of Ethics, the Company considers all differences in gender, age, ethnicity, faith, lifestyles and expressions, mental and physical traits as wealth.

Tofaş reflects this perspective in all its HR processes and policies, and it is important for the Company that its dealers and suppliers also abide by these principles.

In 2022, Tofaş joined among the Action Coalition Leaders on Technology and Innovation of the UN Generation Equality Forum and made commitments to empower women and girls in technology and innovation together with the Koç Group companies. The Company targets to increase the ratio of women employees in STEM fields from 20% in 2023 to 30% and the ratio of women in STEM management positions from 12% in 2023 to 20% by 2026. Another target Tofaş set in this area is to reach 30,000 girl students in an effort to increase the number of girls studying STEM fields by 2026.





### Forward-looking expectations

Tofaş aims to maintain its sustainable success by becoming a “global company” that generates value for its customers, and that its employees and business partners are proud to belong to, on the back of its half a century of experience, solid competencies and the aspiration to self-renew continuously.

Set to take on an active role in the sector’s transformation hereinafter, Tofaş considers upskilling its human resource, pioneering in mobility solutions, strengthening its global positioning in product development, mitigating its environmental impact and greater inclusion of women in the industry as major topics to be addressed.

### Koç Fiat Kredi

Koç Fiat Kredi offers financial solution services for second hand vehicles and byproducts, besides the brands sold by Tofaş. The Company offers customers one-stop fast service opportunity at the dealers’ premises, chance to make an application through online channels, and financing support to individual and corporate customers on the back of its robust operational structure.

Having extended TL 10.3 billion in loans for the purchase of 27,900 cars and having financed 22% of Tofaş’s retail sales in 2023, the Company’s total loan portfolio stood at TL 10 billion at year-end 2023. Koç Fiat Kredi continued to fund its loan portfolio through bank loans and bond issuances. Funds secured through bank loans amounted to TL 7.8 billion as of the end of 2023. The securities issued had a nominal value of TL 2.1 billion.

In 2023, the Company’s national short-term credit rating was affirmed as (TR) A1+ and its long-term national credit rating as (TR) AA, and both were assigned a stable outlook.

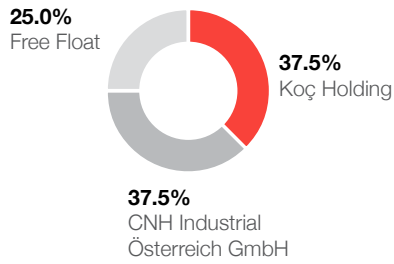
### Forward-looking expectations

Embracing digitalization-focused culture and targeting to create end-to-end value, Koç Fiat Kredi carries on with remote customer acquisition and robotic process automation projects. Koç Fiat Kredi intends to sustain its digital transformation journey on the back of the experiences gained in completed projects and emerging new ideas and projects, and accordingly, aims to spread agile working model throughout the Company, attract value-generating employees to the Company and maintain its competitive advantage.

# TürkTraktör

TürkTraktör is the uninterrupted sector leader for 17 years.

## Ownership Structure



## Domestic Position

17 years of **uninterrupted leadership** in tractor market  
**Leader** with the New Holland brand  
**2<sup>nd</sup>** with the Case IH brand  
**56%** of Turkey's **tractor production**  
**79%** of Turkey's **tractor exports**

## International Position

**The sole design and main production center** for New Holland TD and Case IH JX series tractors  
**The sole production center** for New Generation Utility Medium series tractors and transmissions  
**The sole production center** of Utility Light series tractors and transmissions  
**The sole engineering and production center** for TD series transmissions  
**The main production center** of S8000 series engines

## Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
58,436 +%41 (2022: 41,397)	12,124 +%198 (2022: 4,064)	12,137 +%167 (2022: 4,554)	9,342 +%117 (2022: 4,310)	23%

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

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

## Non-financial Indicators

### ESG Commitments

- Commitment for % of women on board: in 5 years<sup>1</sup> 25% (2023: 17%)
- Commitment to increase % of women in STEM positions (2021 baseline year 28%, 2022: 28%, 2023: 31%, 2026 target: 50%)
- Commitment to reach 30,000 women and girls between 2022-2026 through STEM community programs (2023: 7,492)
- Short, medium and long term sustainability commitments (Pages 106-107)

### International Platforms

- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- Action Coalition on Technology and Innovation of the UN Generation Equality Forum
- United Nations Global Compact (UNGC)
- Science Based Targets initiative (SBTi)
- CDP Climate Change Score "C", and CDP Water Security Score "B"

### Sustainability Indices

- BIST Sustainability Index
- BIST Sustainability 25 Index
- Sustainalytics ESG Rating
- FTSE4Good

(1) Policy acceptance date: April 2022



Being the first manufacturing company of the Turkish automotive industry that is still pursuing operations, TürkTraktör started its industrial life in 1954. With an annual production capacity of 54,000 tractors and 1000 backhoe-loader construction equipment at its Ankara and Erenler plants, TürkTraktör has Turkey's widest product range and dealer network in the tractor and agricultural equipment market. Working on product development and new technology implementation at its R&D centers in Ankara and İstanbul, TürkTraktör has 206 active patents, 9 of them international. TürkTraktör has established itself firmly among Turkey's most important enterprises with exports to 125 countries. The Company's operations in the agricultural sector was further expanded with the addition of distribution of Case and New Holland brand construction machinery in Turkey from 2013. Furthermore, the Company added a new one to its investments in this field in 2020, and initiated local production in the backhoe loader segment at its Ankara Plant.

### 17 years of unbroken leadership in the Turkish tractor market

Aiming to get its sector and spheres of influence future ready, TürkTraktör retained its sectoral leadership in Turkey for the 17<sup>th</sup> year in a row in 2023 that marked the Company's 69<sup>th</sup> year in operation. As of year-end 2023, the Company had 34.8% market share with the market leader New Holland brand and 9.5% share with Case IH that ranks 2<sup>nd</sup> in the market.

### TürkTraktör broke a new record in production in 2023.

TürkTraktör, which is in the market with its environmentally friendly products with the latest generation engine technology, broke a new record with the production of 51,423 tractors in 2023. TürkTraktör supplied 31% of its tractor production to overseas markets, which accounted for 79% of Turkey's total tractor exports, and thus, has become Turkey's largest tractor exporter.



### New generation ecofriendly tractors which have Phase 5 emission level introduced for farmers.

Continuing to upgrade its products and services for more productive and sustainable farming, TürkTraktör offers high performance and efficiency in combination, a strength enabled by the new generation motor technology that has Phase 5 emission level.

With 17 years of unbroken market leadership, the New Holland family's new members T3B, T3F, T4B, T3S, T4S, 66S, T5S and T5 BLM that fulfill environmental criteria and have Phase 5 motor technology were presented to farmers in 2023 as the pioneering models of sustainable farming.

With respect to Case IH brand that stands out with its premium features, the most recent models with Phase 5 emission level, namely Case IH JXC, JXE, Puma CVX AFSC, Puma 260, Farmall X and Farmall M were introduced during the year.

### TürkTraktör produced the 1,000<sup>th</sup> local backhoe loader.

Working to reproduce the same success it exhibits in the agricultural sector in construction machinery, TürkTraktör has been undertaking the production of New Holland and Case brand domestic backhoe loaders at its Ankara Plant since 2020. Carrying on with its efforts to take

local production further, TürkTraktör produced the 1000<sup>th</sup> domestic backhoe loader in 2023, an important milestone in the construction machinery front.

Fully revamped with the Phase 5 transition brought to completion in 2023, backhoes are presented to the Turkish market in 5 different models to cater to any customer demand at every point of need. Besides locally produced backhoes, TürkTraktör offers its customers a broad array of construction machinery from different segments covering excavators, wheel loaders, mini excavators, mini loaders and telescopic loaders of New Holland and Case brands.

The backhoe loader product segment that nearly accounts for one third of the market helped grow TürkTraktör's performance by approximately 1.5 folds in 2023 and the Company's turnover derived on construction machinery went up 41% year-on-year.

### TürkTraktör keeps standing by the farmers with its broad product array and innovative and high-end agricultural equipment.

The Company supports the farmers with its New Holland, Case IH and TürkTraktör branded high-end agricultural equipment that are designed for any need in agriculture and have properties that make a difference. Redesigned large balers fulfill farmers' all needs with their

sturdiness and durability. Self-propelled forage harvesters and combine harvesters fitted with the new generation Phase 5 engines deliver high productivity and low emissions, while uncompromising from performance.

Commanding leader position in the combine harvester segment, TürkTraktör sustains its successful performance also in non-tractor segments. The Company's revenues derived on combine harvesters and agricultural equipment went up by 23% in 2023 as compared to the previous year.

**TürkTraktör keeps supporting sustainable agriculture with its precision and smart agricultural solutions.**

TürkTraktör helps with the proliferation of sustainable farming practices through mechanization and digitalization that gain an ever-increasing importance in the agricultural sector. The Company keeps working on precise and smart agricultural solutions to facilitate the transition of the Turkish agriculture and farmers to high technology and help with the achievement of higher efficiency in agricultural production.

Precision farming systems offer significant advantages to farmers as they let increased crop growth on the existing agricultural field and ensure utilization of inputs in ideal quantities such as pesticides, fertilizers, seeds and fuel. TürkTraktör's precision farming range covers Automatic Steering Systems, Flow and Implementation Control Systems, and domestically developed fleet and tractor tracking system TTConnect, and smart guiding system TTGuide.

Providing cost, labor and time-saving advantages in the spraying of expansive areas, offering wide range of usages, ease of use and maintenance, high efficiency and environmental protection, TürkTraktör drone services provide drone-assisted spraying at seven pilot dealers.



Launched in 2019 with the aim of supporting agricultural digitalization and offering “digital decision-making support” to producers in agricultural activities, TarlamCepte (MyMobileField) application supports the farmers by giving recommendations that reduce input costs and increases operational efficiency in farming. With its current version introduced in 2023, the application provides convenience to users with its various improved features including digital service processes based on online booking, smart guidance with crop humidity mapping and irrigation recommendations, yield and crop estimations that use image processing, crop health information, and early warning systems. Designed to increase yield and contribute added value to farmers' agricultural activities, My Mobile Field application was offering service to approximately 140,000 users at the end of 2023.

**TürkTraktör invested in Agrovisio, an agricultural technologies startup.**

Recognizing that the future of agriculture lies in technological, sustainable and efficient applications, TürkTraktör helps scale up startups engaged in agricultural technology with the aim of accelerating technology integration in agriculture. The

Company's first initiative in this respect has been its investment in Agrovisio that offers digital decision-making service to farmers. Developing innovative solutions focused on agricultural technologies, Agrovisio furnishes digital decision-making service to farmers using patented AI-based image processing. With this move, TürkTraktör will broaden the services offered by My Mobile Field mobile app and thus continue to digitalize agriculture.

**TürkTraktör announced its short-, medium- and long-term sustainability targets.**

In a bid to create positive value across its sphere of influence spanning the entire ecosystem, TürkTraktör focuses on four areas within the scope of its “Future Impact” sustainability strategy launched in 2022:

1. Impactful Leadership for the Future
2. Impact the Future Competencies with Innovation
3. Impact Responsibly in Operations and Products
4. Impact the Future of Agriculture

The Company announced its short-, medium- and long-term targets in these four areas of focus in April 2023 and set its roadmap to achieve them:

**Impactful Leadership for the Future**

- Increase % of women members on the Board of Directors to 25% by 2027
- Give ethical values training to 75% of dealers and suppliers by 2024

**Impact the Future Competencies with Innovation**

- Direct 70% of technology investments in R&D and innovation to sustainability-focused technologies between 2023 and 2027
- STEM (Science, Technology, Engineering, Math) commitments by 2026:
  - Increase the women employee ratio in technology and innovation to 50%
  - Increase the girl student ratio in internship programs to 50%
  - Brief 30,000 people through internship/employment opportunities and technical development, coaching and simulation-assisted development programs
- Reduce Lost Time Injury Frequency Rate by 70% by 2026 (as compared to 2021 baseline year)

**Impact Responsibly in Operations and Products**

- By 2030;
  - Reduce Scope 1 and 2 GHG emissions by 42% (as compared to 2021 baseline year)
  - Reduce electricity and water consumption per product by 30% and 40% respectively (as compared to 2019 baseline year)
  - Use 100% recycled water in manufacturing and operations
  - Sustain 99% recovery rate of waste from manufacturing operations
- Supply the entirety of total electricity need from self-produced energy by 2026
- Integrate suppliers that account for 80% of the direct material purchases volume from domestic suppliers in the Supplier Assessment and Development Program by 2025
- Decarbonize logistics operations by 2040

**Impact the Future of Agriculture**

- By 2027;
  - Reach a coverage of 3 million decares with automatic steering systems, and provide an environmental benefit by saving 25 million liters of water and agricultural pesticides
  - Reach a coverage of 2.5 million decares with agricultural drones and provide an environmental benefit by saving 100 million liters of water and agricultural pesticides (as compared to conventional machines)

Within the frame of the goals it has announced, TürkTraktör undertook studies for the solar power plant (SPP) projects to supply the electricity consumed at its Ankara and Erenler Plants in 2023. The Rooftop SPP project that went into operation at Erenler Plant in September is estimated to supply 52% of the plant's annual electric energy consumption. For the Ankara Plant, work is in progress for establishing a Rooftop SPP project and a solar power plant with a capacity of 13 MW in Sivas province.

Being a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), TürkTraktör considers climate mitigation and adaptation among its priorities. In 2023, the Company established its climate-related risks and opportunities and released its first

TCFD framework-aligned TCFD report. In addition, the Company responded to climate and water programs of the Carbon Disclosure Project (CDP).

Having pledged to reduce its emissions to the Science Based Targets initiative (SBTi), TürkTraktör disclosed its Scope 1 and 2 reduction targets, and keeps working on determining its Scope 3 goal.

**Forward-looking expectations**

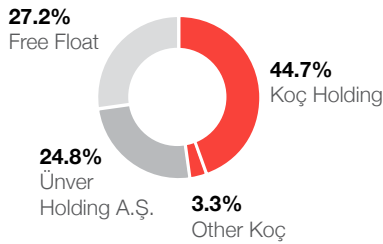
Persisting with its efforts and initiatives for the development and sustainability of the agricultural sector in Turkey with the awareness of the responsibilities deriving from its deep-rooted history and leadership in the industry, TürkTraktör aims to increase productivity in cultivation, and to this end, targets to contribute value not just to agriculture but also to the industry, to retain its leadership in the sector, and to sustain its initiatives to drive the development of domestic production of construction machinery on the back of R&D, innovation and digitalization projects.

TürkTraktör is aware of its responsibility towards the ecosystem with respect to all its operations, value chain and products, and will continue to create value for the agricultural sector and its stakeholders as it has always done with the vision of being a pioneering leader in its respective sector and spheres of influence.

# Otokar

The leading manufacturer of land systems and commercial vehicles, Otokar continues to grow in global markets.

## Ownership Structure



## Domestic Position

**15 years of uninterrupted leadership** in the bus market  
Turkey's **widest** bus product range

## International Position

Bus exports to **nearly 60 countries**  
Export of military vehicles to more than 60 users in **over 40 countries**  
Subsidiary companies in **5 countries**

## Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
27,239 +53% (2021: 17,819)	1,530 +41% (2021: 1,088)	1,458 -33% (2021: 2,172)	1,968 -2% (2021: 2,018)	73%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.  
(2) Net profit/loss attributable to the equity holders of the parent.

## Non-financial Indicators

### ESG Commitments

- Commitment for % of women on board: in 5 years 25%<sup>1</sup> (2023: 11%)

### International Platforms

- UN Women's Empowerment Principles (UN WEPs)

### Sustainability Indices

- BIST Sustainability Index

(1) Policy acceptance date: December 2021



Having celebrated its sixtieth year in 2023, Otokar provides tailored solutions for users in the automotive and defense industries with its proprietary technology, design and applications. The Company produces buses for public transportation, light trucks for logistics, and wheeled and tracked armored vehicles and tower systems for the defense industry. Otokar operates with more than 3,000 employees at its plant which covers an area of 552,000 m<sup>2</sup> in Sakarya.

In 2023, the Company received Golden Exporter Award from Uludağ Exporters' Association. It was ranked in the top 100 in ISO 100 list in which İstanbul Chamber of Industry names the biggest enterprises of the country, and has been one of the 19 companies to preserve its place in the top 500 in the years that passed since the inception of ISO 500 list.

### Defense Industry

In 2023, Otokar retained its leadership in the land systems with its new vehicles. The Company expanded its product line with the addition of Turkey's first domestic engine-powered 8x8 armored combat vehicle, ARMA II. Turkey's first heavy unmanned tracked armored vehicle designed in line with the expectations and needs of modern armies, ALPAR was developed and showcased to the world.

Having proven itself in various geographies of the world and under different climatic conditions, and currently used by 9 different users in 5 countries, the ARMA family was subject to two important contracts in 2023. Otokar's ARMA 6x6 vehicle overtook its international competitors in the strict



assessment of the Estonian Armed Forces and was chosen to be bought for the army. In 2023, ARMA 8x8 armored vehicle made it to the inventory of the Turkish Land Forces Command for the first time.

Generating the greater portion of its defense industry turnover on exports in recent years, Otokar kept receiving new vehicle orders from numerous friendly and allied nations from Europe to Latin America, from Africa to the Gulf countries. The Company keeps a close eye on the needs in the regions and geographies that are home to subsidiary companies, such as Kazakhstan and United Arab Emirates.

Its military vehicles being operated by approximately 60 customers in over 40 countries, Otokar exhibited its new products and capabilities at IDEF, Turkey's most important defense industry exhibition. Globally, Otokar carried on with its publicity activities in different geographies including United Arab Emirates, Spain, Peru and Brazil.

### Commercial Vehicles

In 2023, Otokar has been the most popular bus brand in Turkey and retained its market leadership that has been unbroken for 15 years. Delivery of 20 articulated buses to İstanbul Metropolitan Municipality and public transport bus deliveries to various cities including Bursa, Balıkesir and Muğla made the top highlights of the year.

Otokar kept taking strategic steps for growing in Europe, i.e. its target market for commercial vehicles, and acquired Mauri Bus System, its dealer in Italy since 2010, and incorporated its new subsidiary Otokar Italia S.r.l. Having received significant orders in the bus segment from the European market throughout the year, Otokar's new electric vehicles were well received in the market. The vehicles took part in user tests in various countries including Germany, Spain, France, Belgium.

In 2023, the Company carried on with its efforts to broaden its zero emission vehicle range. KENT Hydrogen, the city bus that uses a hydrogen fuel cell as its power source, and the electrical e-Territo bus developed particularly for zero emission zones in Europe joined the product array and were showcased at Busworld Trade Show in Belgium. Autonomous electrical e-Centro, which has Level 4 autonomous driving technology, took its place in the product portfolio in 2023. The vehicle was used for passenger transport during the trade show in Belgium. Otokar also carried on with its product development efforts and redesigned its microbus, the top choice in several countries including Turkey, France and Italy.

Under the agreement signed for the production of IVECO BUS buses, Otokar continued its bus production and deliveries in 2022.

Sustaining its growth in the Turkish truck market, Otokar started exporting Atlas light trucks and created its dealer network in countries such as Romania and Bulgaria.

### R&D and Investments

Charging forward to become a global brand in its respective fields of operation with its proprietary products, Otokar carried on with its R&D activities also in 2023. In the reporting period, the Company allocated 4% of its budget to R&D expenditures. In the defense industry, the Company developed Turkey's first domestic engine-powered 8x8 armored combat vehicle, and the first heavy-duty unstaffed land vehicle. In the commercial vehicles segment, the



Company added the bus that uses a hydrogen fuel cell as its power source, and level 4 autonomous microbus to its research and development activities in relation to zero-emission vehicles.

In 2023, Otokar carried on with the Layout Project, which is conducted for redesigning all its production work flows with lean production principles. In addition, the new solar power plant investment at the plant was brought to completion and put in service. The Company's efforts are ongoing for installing an SPP (Solar Power Plant) in Malatya.

### Sustainability

Otokar plays an active role in Koç Holding's Carbon Transition Program to become carbon-neutral by 2050. Having started power generation using solar panels at its plant in Sakarya the previous year, the Company carried on with its work for a solar power plant investment in 2023.

In 2023, Otokar carried out two product lifecycle assessments for two different electric buses, and terminated the consumption of single-use plastics the same year. Otokar's exemplary environmental practices were recognized with the "Environment Award" at the "Stars of Sakarya Award Ceremony" organized in December 2023 by Sakarya Chamber of Commerce and Industry. At the same ceremony, the Company was also given the "Employment Award" for providing the highest employment in Sakarya in 2022.

Throughout 2023, Otokar sustained internal briefing and awareness initiatives regarding diversity, equality and inclusion. The infrastructural preparations were completed for women employees in the field, and women field employees started to be employed. Also workplaces were rearranged to enhance the comfort and safety of individuals with disabilities.





As part of digital transformation projects, cyber-secure and high-security industrial, logistic systems, IoT and data-driven systems and smart factory and supply chain projects were carried on, as well as “artificial vision systems and synthetic image generation” and “digital twinning”.

On the back of its sustainability efforts, Otokar qualified for the eighth consecutive time to be included in the BIST Sustainability Index as per the Index Selection Criteria set by Borsa İstanbul.

#### Forward-looking expectations

Otokar targets to preserve its leadership in the Turkish bus market and aims to expand its vehicle park in its export markets, particularly in Europe, with the successful performance of its subsidiaries and its new electric product range.

Otokar's zero emission buses are already set for fulfilling the needs of all cities, primarily of European countries that are undergoing transformation in a bid to minimize the negative impacts of global climate change. The Company's target is to broaden its range of products using alternative power sources and to constitute its entire product array delivered to these markets of low and zero emission vehicles. In logistics, the Company aims to expand its Atlas product range with new models and to increase its market share in the domestic market.

Maintaining its targets of growing its vehicle park in its export markets and tapping co-production opportunities with local partners abroad through technology transfer on the defense industry front, Otokar will continue to offer its products, capabilities and facilities for the benefit of our country.

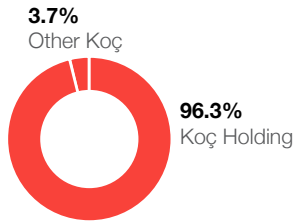
Targeting to maintain employee engagement and develop its human resources through reskilling; the Company will carry on with its sustainability initiatives in environment, innovation and corporate governance areas.

Headed towards becoming a global company, Otokar aims to sustain its growth also in the coming year together with its subsidiary companies in France, United Arab Emirates, Romania, Kazakhstan and Italy.

## Otokoç Otomotiv

The leader in car rental in the domestic market, Otokoç Otomotiv pursues operations in nine countries in total.

### Ownership Structure



### Domestic Position

**7.7%** market share of new vehicles sales in the total Turkish automotive market

**Leader** in second hand vehicle sales among corporate brands with sales of around **32,897** units

**Leader in car-rental**

### International Position

Management of the vehicle park with **61,369** vehicles with **604** employees at **83** points in **8** countries

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

The **leader** of the long-term car rental industry in Georgia

International operations account for **44%** of EBITDA

One of the key investment partners of Avis Budget Group and its **largest licensee**

### Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
111,260	4,896	9,339	6,674	<p>11%</p>
+40%	-24%	-11%	-20%	
(2022: 79,445)	(2022: 6,410)	(2022: 10,481)	(2022: 8,385)	

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

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

### Non-financial Indicators

#### International Platforms

- UN Women's Empowerment Principles (UN WEPs)



Established in 1928 as Koç Holding's first automotive sector investment, Otokoç Otomotiv is Turkey's leading automotive retailer, car rental and car sharing company. Otokoç Otomotiv is a one-stop source for mobility solutions. The Company operates with Otokoç, Otokoç 2.El, otokocihale.com and Otokoç Parça in automotive retailing, with Avis, Avis Filo, Avis Filo Maestro, Budget and Payless in car rental, with Zipcar in car sharing and with Otokoç Sigorta in insurance services. Conducting operations in Turkey, Greece, Kazakhstan, Azerbaijan, Ukraine, Hungary, Georgia, Northern Iraq and Turkish Republic of Northern Cyprus, Otokoç Otomotiv operates at a total of 405 points - 83 of which are abroad - in 9 countries.

#### 7.7% market share in the total automotive market

Otokoç Otomotiv commanded a share of 26.9% in Ford and Ford Trucks sales 31.5% in Fiat sales, 38.2% in Alfa Romeo and Jeep sales, 31.4% in Volvo sales and 36.1% in Maserati sales in automotive retail during 2023. Having 3,824 employees on its payroll, the Company had a 7.7% share in the total Turkish automotive market. In second hand vehicle sales, Otokoç maintained its leadership among the corporate brands with 32,827 units sold.

#### Turkey's market leader in the car rental

Otokoç Otomotiv, which is the world's largest licensee for the Avis Budget Group, achieved a 26% increase in the turnover of its car rental business unit in Turkey, and has sustained its leadership.

#### Cultural Transformation Journey and Agile Transformation

Otokoç Otomotiv considers agile transformation as an effective method for refreshing its culture, and focuses on cultural transformation. In keeping with its inclusion and diversity perspective, the Company spelled out its corporate values and principles together with its employees. The Culture Manifesto drafted collectively was shared with all stakeholders in the reporting period.

In 2023, the Company achieved an above-80 employee engagement score once again and received 82.2 points. Otokoç was the recipient of the "Kincentric Turkey Best Employer- 2023" award



once more. In Greece, on the other hand, employee engagement score improved by 1 point and reached 84 in 2023. In the 1<sup>st</sup> League category of the "International Region Net Promoter Score" measurement that Avis Budget Group implements via an independent research company, Avis Turkey finished the year as the leader, while Avis Greece ranked 2<sup>nd</sup>. Having captured 1<sup>st</sup> place in Net Promoter Score, the Company's longlasting achievement in this respect was crowned with an award at the Avis Budget Group Global Licensee Conference.

The productivity-oriented Service 4.0 project on pilot run in the automotive retailing business line will enable instant tracking and reporting of the working time technicians spend in shops. This initiative is anticipated to bring a minimum of 10% productivity increase. The system launched at Otokoç Ataşehir branch is planned to be rolled out in 2024 following the manifestation of its effectiveness.

#### 4 Stars in Agile Maturity

Having successfully upgraded its agile maturity from 3 stars to 4 stars in 2023, Otokoç Otomotiv was one of approximately 1,800 companies that took part in the measurement and survey conducted by the Business Agility Institute. The Company improved its business agility index by 9 points over the previous year, and thus qualified for 4 Star agile organization certification, that 10% of runners spend 5 years to become eligible for.

#### Sustainability

Being a company that minds the people, society, environment and our planet, Otokoç Otomotiv positions sustainability as its core task and prioritizes it in its strategies.

Activities within the scope of combating climate crisis are being carried out in accordance with the Koç Holding Carbon Transition Program. Scope 1, 2 and 3 GHG emissions for 2022 were calculated and verified by an independent accredited organization as per ISO 14064-1 GHG Emissions Reporting Standard. Renewable energy investments and investments for expanding the use of green energy are in progress.

Following Otokoç Antalya Ford and Otokoç Adana Fiat branches, a 371 MW/year capacity SPP was commissioned on the roof of İnönü Ford Trucks branch in August 2023. This investment will serve to avoid 161 tCO<sub>2</sub> emissions per year. Total avoided emissions thanks to all SPP projects Otokoç Otomotiv put into use since 2021 reached approximately 600 tonnes.

Otokoç Otomotiv has completed its investment in solar power plants which is large enough to meet the electricity needs of its own locations. Located in the town of Gölcük in the central district of Niğde province, it is planned to produce 17,449 MWh electricity annually along with preventing 7,710 tons of CO<sub>2</sub> greenhouse gas emissions with the established land solar power plant project. With

this investment, carbon emissions from electricity consumption is aimed to reduce to zero as of 2024.

Undersigning a first, Otokoç Antalya Branch earned the world's first ever Gold-certified building registration as "Retail: Vehicle Dealership" in the LEED v.4.1 O+M:EB certification type upon the assessment performed by the U.S. Green Building Council.

Zero waste management system was established at the Head Office and retailer branches within the scope of the "Zero Waste" project conducted by the Ministry of Environment, Urbanization and Climate Change. In addition, Otokoç Otomotiv terminated single-use plastics in personal use within the relevant scope in accordance with Koç Holding's pledge in this respect.

ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 10002 Customer Satisfaction Management System and ISO 45001 Occupational Health and Safety recertifications were obtained, and ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Certifications were received for car rental offices.

As part of continuous improvement activities, the Company carries out business excellence initiatives and Lean 6 Sigma projects. 5S and Kaizen deployment is in progress at various locations.

As Otokoç Otomotiv drives the development of Turkey's mobility ecosystem with investments that contribute value to the Company, it perseveres its operations with a focus on growing together with startups. Under the collaboration established in 2022 with Alba Elektrikli Ulaşım Sistemleri, a micro mobility manufacturer, e-bikes and e-scooters were included in Otokoç Otomotiv portfolio. In 2023, commercialization decision was made, upon which an investment of USD 750 thousand was made in ALBA, a domestic manufacturer.

Besides its investments in micromobility, Otokoç Otomotiv made an investment in iUGO, the Company's partner in the connected vehicles technology, to support the latter in materializing its future business plans.

Over the past four years, the Company that constantly invests in new products, services and business models acquired approximately 2,700 new customers from the commercialized business models that emanated from intrapreneurship initiatives carried out since 2015.

Having made significant progress in digitalization, the Company, in cooperation with Deloitte, finalized the updating of the digital transformation roadmap with the target of formulating powerful digital value propositions. The prioritized initiatives will be put into life in 2024 and thereafter. The Company generated USD 4.02 million in business value contribution from the projects completed in 2023.

The Company offered holistic insurance service solution to customers on online/offline channels via its "Otokoç Sigorta" digital platform.

The Company generated productivity worth USD 16.2 million in total with 297 initiatives it has scrutinized under the Zero-Based Budgeting (ZBB) methodology.

A score of 84 was achieved with 91% participation in the 2023 employee engagement survey. Long-term rental processes with MyAvis Easy Leasing and second-hand vehicle sales processes with "cardom.gr" were digitalized, and a mobile application was launched for after-sales services. Avis CRM application went live at the end of 2023. For the green transition investment, EUR 750 million loan with a 12-year maturity and a good interest was provided from the EU Recovery and Resilience Fund. A total of EUR 331.1 million of green financing, which is Greece's largest non-banking securitization transaction to date, was provided with the RRF fund by Olympic, a subsidiary of Otokoç Otomotiv.

In 2023, Otokoç Otomotiv continued to function as a sustainable experience center servicing all consumers with the Otokoç Metazone land purchased on Decentraland, a decentralized metaverse, within the scope of its WEB 3.0 strategy. The investment made in the second quarter of the year in the Spatial universe, a centralized and virtual reality metaverse

experience, is intended to maximize the recognition of the virtual reality experience and brands in metaverse communications.

Collaborations are carried on with various NGOs including the Association for Educational Activities for Hearing-Impaired Individuals, Women in Sales Network Program, Professional Women Network (PWN) İstanbul, eording and Yuvam Dünya for various targets including Gender Equality, Reduced Inequalities and Climate Action that take place within the UN Sustainable Development Goals.

"Cam Tavan Arabada Güzel" (Glass ceilings are for cars only) project was carried on by drawing the attention to "Glass Ceilings", a metaphor used to represent all sorts of invisible barriers that prevent women from realizing their full potentials. Sign language refresher courses were given to Avis field employees under Avis's longstanding "We Speak the Same Language" project.

In an effort to contribute to the sustainability of ecological life, the Company had 125,000 cedar and Calabrian pine seedballs dropped on hard-to-reach areas with the help of ecodrones via eording, and gave life to a colossal forest, which it has gifted to its customers.

Support is extended to Tohum Autism Foundation, and internal awareness raising activities are organized.

Otokoç Otomotiv cooperated with a volunteering platform to encourage its employees to take part in social responsibility projects to the benefit of the society. Throughout the year, 113 İyİ 1 Dünya Elçisi (Ambassadors for a Good World) participated in nine different projects to which they devoted 334 volunteering hours.

During the year, communication initiatives were carried out for strengthening the "Otokoç 1 Dünya" employer brand created to attract the talents compatible with the Company's vision and to consolidate employee experience. Covered in the Koç Group's transformation agenda, the



“Future Fit” project that embodied various focus areas such as working productively with qualified work force, identifying new skills based on need, and so on, was brought to completion. The initiatives derived from the project will be followed up and implemented within the course of a three-year period.

All internal coaching programs were positioned with the motto “Fark Et, Yenilen, Parla” (Realize, Refresh, Shine). Eleven new coaches were included in the “Internal Coaching” process in 2023, and the six-month “Mastering Coaching” training of internal coaches were completed. Upon completion of the processes in the reporting period, the number of the Company’s internal coaches reached 42. In 2023, 42 internal coaches were matched with 91 mentees in total. The Reverse Mentoring process that is intended to be persevered year after year was branded “Sirius”, and the process continued, in which Management Trainees provide reverse coaching to members of senior management.

Within the scope of digitalization of learning, LinkedIn Learning platform was put to live for executives and various prioritized talent groups.

Involvement in the Cultural Transformation realized at Otokoç Otomotiv was provided with the “Cultural Leadership Development Program” designed, and a development program was created, which is based on adult learning, entails individuals in managerial roles at the Company, and will position them as culture ambassadors.

On the occupational health and safety front, ISO 45001 Occupational Health and Safety Management certification was obtained in 2023 for the car rental offices countrywide, in addition to the ISO 45001 Management System at all branches and warehouses.

Irregularities/suggested improvements conveyed via Worksafe increased by 4 folds and closed in on 7,500.

Significant distance was paved in activities associated with Otokoç Otomotiv customer strategy and promise within the scope of the “Branded Otokoç Otomotiv



Customer Experience” program. With the aim of ensuring service uniformity at all customer touchpoints and for deploying the standards, customer success metrics continue to be redesigned, and branded customer experience culture was rendered sustainable thanks to customer-oriented cultural development training.

#### Forward-looking expectations

Continuing its investments in the second hand vehicle sector with initiatives targeted at expanding its dealership organization and developments on its online platforms, the Company will keep working to be the first “second hand vehicle brand” recalled and possessing omnichannel capability.

It is targeted to increase the share of the Company’s revenues generated on online sales to almost 50%.

As Otokoç Otomotiv had a successful period filled with learnings in the first year of Avis Filo Maestro, which was launched in 2022 and delivers end-to-end fleet management service to companies and individuals, the company will sustain its growth in this area in 2024.

In 2024, the Company will finalize its transformation of the way of working at the Turkey organization and keep working to increase its cultural maturity. At the heart of this entire transformation journey lies the purpose to deliver greater value to employees, customers and all stakeholders.

Software and product development activities are ongoing for the SuperApp initiative, whereby Otokoç Otomotiv offers holistic service solutions with the motivation to increase its market share in e-commerce and contribute value to the mobility ecosystem. It is intended to furnish personalized experiences and offers to customers through internal and external services provided by Otokoç Otomotiv.

Providing caravan rental service with the “Avis Caravan” brand, the Company will keep working in line with the pioneering role it has assumed for the development of the caravan ecosystem in Turkey.

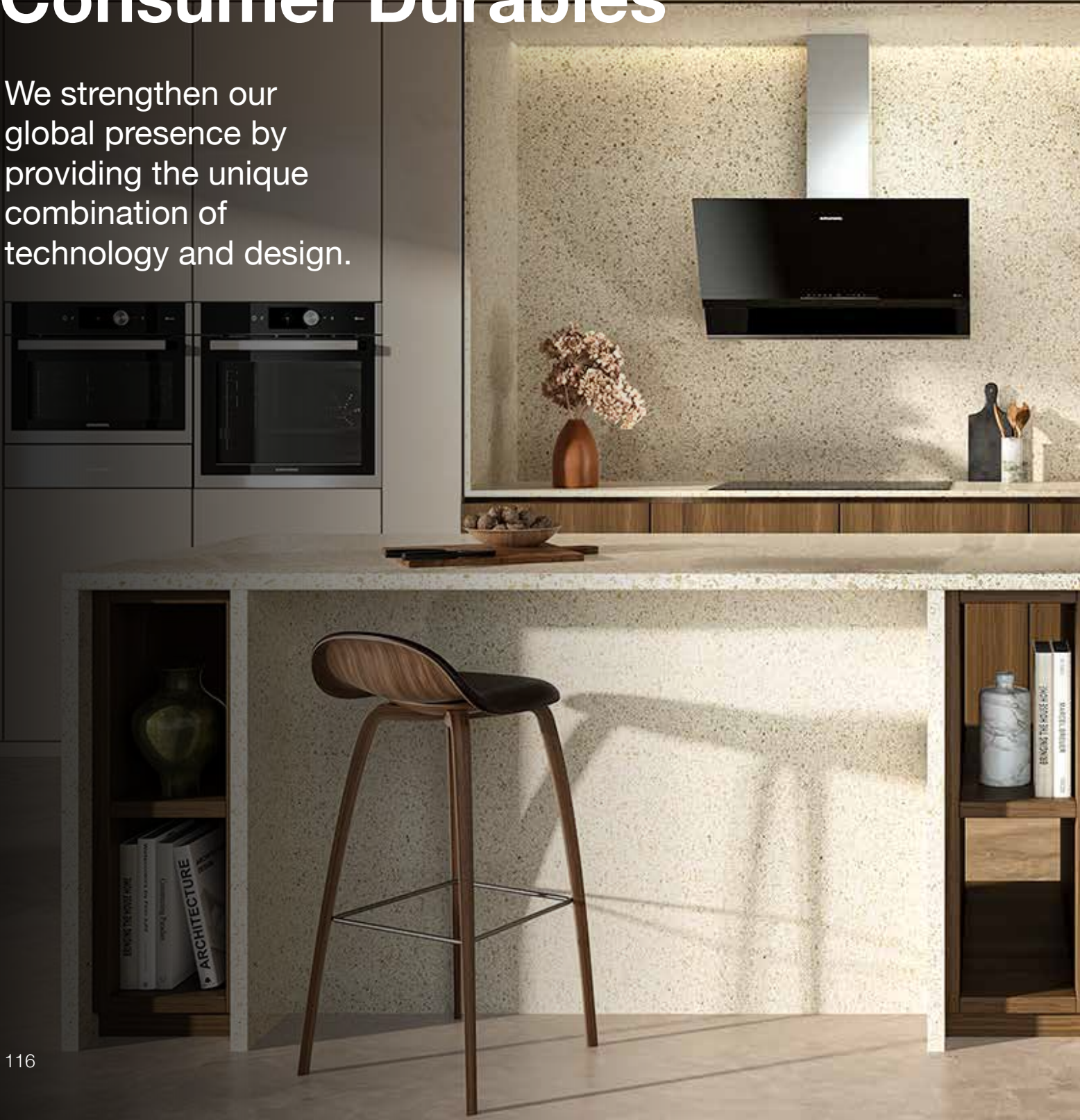
It is intended to launch the digital dealership project and offer service to customers also on online platforms with the aim of increasing the number of sales leads.

Following the introduction of Otokoç Otomotiv membership-based car rental platform in Greece, deployment of the platform started across the countries in which the Avis Budget Group pursues operations. While delivering holistic solutions in the mobility ecosystem, the Company will keep generating new revenue models through licensing to various countries.

Avis Türkiye, operating under Otokoç Otomotiv, will celebrate its 50<sup>th</sup> anniversary in 2024.

# Consumer Durables

We strengthen our global presence by providing the unique combination of technology and design.





## Consumer Durables

### Developments in the consumer durables sectors

The global white goods market narrowed by 3% in revenues to USD 225 billion due to the energy crisis that resulted from the conflict between Russia and Ukraine, and the negative impact inflationist pressure dominating global markets had on purchasing power in 2023.

In Europe (the European market excluding Turkey and Ukraine), Turkey's main export market, the white goods market shrank by approximately 3.5% in volume in 2023 as compared to the previous year.

In 2023, the Western European market contracted by approximately 5.5%, contributed also by the marked shrinkage in Germany. The contraction of the UK market was approximately 4.8%, while that of the German market was 8.7%, and French market was 6.3%; Italy shrank by 1.7%, Spain by 1.3%, the Netherlands by 7.1%, Belgium by 4.7% and Austria by 11.0%.

The Eastern European market excluding Ukraine recorded approximately 1.2% growth in 2023. Sales volume in Poland, which is the second largest market in the region, dwindled by approximately 12.5% year-on-year. The Romanian market posted about 8.2% shrinkage.



In addition to the above, the Ukrainian market showed a positive performance to achieve 12.9% expansion in the period that followed the war.

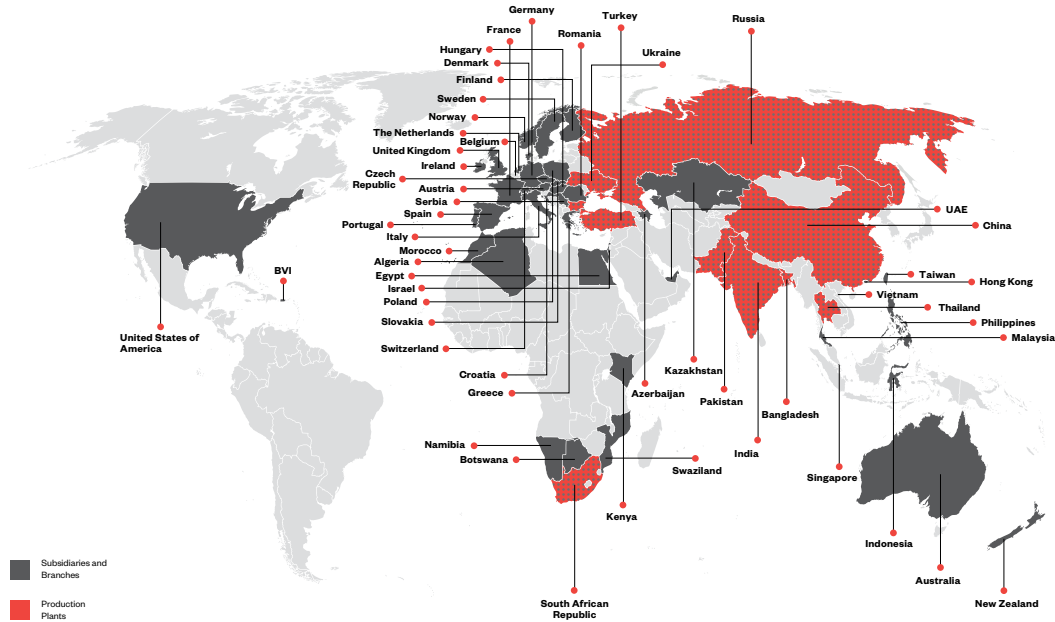
The South African white goods market, which is one of our main markets apart from Europe, slimmed down by 6.6% as compared to 2022.

In 2023, domestic sales in the main products group grew by 14% to 9,538,899 units in the Turkish white goods market.

Exports ended the year at the order of 23 million units, down by 10% year-on-year. Total production became 32 million units, 1% lower than what it was in 2022.

TV market grew by approximately 3.5%, whereas the air conditioning market expanded by 68.3% in volume.





### The Koç Group in the Consumer Durables Sector

The Koç Group realizes nearly 40%<sup>1</sup> 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 point

### Competitive Advantages

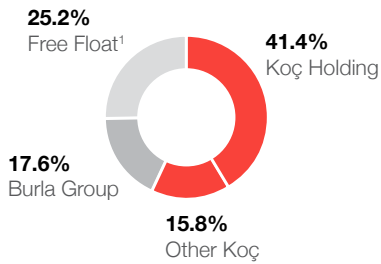
- Low-cost production centers: Turkey, Romania, Russia, China, South Africa, Thailand, Pakistan, India and Bangladesh
- Turkey's most extensive sales and after-sales service network supported by strong brand value
- Production facilities included in the "Global Lighthouse Network", where WEF - World Economic Forum determines the world's leading production facilities in Industry 4.0
- Solid position in the countries where it pursues operations (Beko: One of Europe's top three white goods brands and the leader of the white goods category in the UK and France)
- Export to the world with 82 subsidiaries and global sales & marketing organization located in 53 countries.

(1) According to the data of the members of the White Goods Manufacturers Association, 6 main products are included in the white goods.

# Arçelik

Arçelik offers products and services globally through 31 production facilities in 9 countries, 82 associated companies in 53 countries and its global brands.

## Ownership Structure



(1) Includes shares with a nominal value of TL 68,876,288 TL repurchased by Arçelik (share in capital: 10.19%).

## Domestic Position

**Leader** in stand-alone and built-in white goods  
**Leader** in TVs  
**Leader** in air conditioning

## International Position

**Market leader** with the Arctic brand in Romania, with the Dawlance brand in Pakistan and Defy in South Africa  
**Beko - Global brand:**  
 Among the top **3 white goods brands** in Europe and the white goods category **leader** in the UK and France

## Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
257,104 +0% (2022: 257,172)	11,413 +36% (2022: 8,363)	7,158 -1% (2022: 7,239)	7,667 +22% (2022: 6,285)	63%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.  
 (2) Net profit/loss attributable to the equity holders of the parent.

## Non-financial Indicators

### ESG Commitments

- Achieve Net-zero emissions by 2050
- Reduction in Scope 1, 2 emissions by 30% and Scope 3 product use phase emissions by 15% by 2030 in light of the Science-Based Targets determined according to the well below 2°C scenario (Base year: 2018) Scope 1, 2 emissions reduction (2021: 20%, 2022: 28%) Scope 3 product use phase emissions reduction (2021: 13%, 2022: 19%)
- Increase the ratio of recycled content in all plastics used in products and components to 40% by 2030 (2021: 4.4%, 2022: 8%)
- Commitment for % of women on board<sup>1</sup>: 25% in 5 years (2021: 16.7%, 2022: 16.7%)
- Commitment to increase the percentage of women by 2030: To 35% in the total workforce, and to 30% in all management positions In the total workforce 2021: 26%, 2022: 27%) In management positions 2021: 19%, 2022: 23%)

### International Platforms

- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Global Compact (UNGC)
- UN Global Compact CFO Coalition for the SDGs
- Science Based Targets initiative (SBTi)
- Business Ambition for 1.5°C
- Race to Zero
- Climate Group EP100
- WEF Alliance of CEO Climate Leaders
- UN Women's Empowerment Principles (UN WEPs)
- World Business Council for Sustainable Development (WBCSD)

### Sustainability Indices and Reporting Platforms<sup>2</sup>

- BIST Sustainability 25 Index
- 2023 CDP Climate Change Score "A-", CDP Water Security Score "B"
- Dow Jones Sustainability Index, the highest score in its sector for 5 years in a row
- In the list of the Top 100 Most Sustainable Corporations compiled by Corporate Knights for the past 4 years
- AAA rating in the MSCI list and in the FTSE4Good list since 2016

(1) Policy Acceptance Date: May 2021

(2) For Other Indices and Achievements, please see pages 122-125



Arçelik A.Ş. carries out production, marketing, sales and after sales customer service activities in white goods, consumer electronics, small home appliances and kitchen accessories, and is one of the leading companies in six basic appliance categories combined in the European territory including Turkey.

### Steady growth in global leadership journey

Arçelik sustains its global growth journey with more than 40,000 employees, 14 brands, 82 associated companies in 53 countries, 31 production facilities in 9 countries and 28 R&D Design Centers and Offices. Arçelik, the market leader in Turkey, also maintained its leader position with the Arctic brand in Romania, Dawlance in Pakistan, and Defy in South Africa. Beko, its global brand and one of the top three brands in the European territory in six basic appliance categories combined, maintained its leadership position in the UK and France white goods markets.

By year-end 2022, Arçelik laid the foundations of the facility that will commence white goods manufacturing in Egypt with an investment of USD 100 million. This new plant in Egypt, where marketing and sales operations are carried out under Beko brand since 2012, is intended to become the regional manufacturing hub, with plans to export more than 60% of its production to the Middle East, Africa, Europe, and many other regions. Its construction carried on in 2023 and slated for starting production in the first quarter of 2024, the plant will initially manufacture fridge freezers, freezers, freestanding and built-in ovens and range cookers and the like. Subsequently, the production portfolio will be enriched with new products to be manufactured in the space allocated for the addition of new categories.



In order to strengthen its position in the Bangladeshi market it has stepped into in 2019 with the acquisition of Singer and to add momentum to its growth in Asia, Arçelik laid the foundations of its new facility with an area of 135,000 sqm in the Bangladesh Special Economic Zone. With a planned total investment cost of USD 78 million, the facility will provide employment for 4,000 people.

On 16 January 2023, Arçelik signed a Participation Agreement to acquire the European sales, manufacturing, and distribution subsidiaries of Whirlpool, one of the world's leading white goods manufacturers. According to the agreement signed by and between Arçelik and its wholly owned subsidiary Beko B.V. (formerly Ardutch B.V.), Beko Europe B.V., Whirlpool Cooperation and Whirlpool EMEA Holdings LLC owned by the Whirlpool Cooperation, the shares in all the subsidiaries of both companies operating in Europe will be transferred to Beko Europe B.V. incorporated in Holland in the form of capital in kind. It is envisaged that Arçelik's subsidiary Beko B.V. will be the majority shareholder in Beko Europe B.V. with a shareholding ratio of 75%, and 25% will be allocated to Whirlpool. Beko Europe B.V. will take

over Arçelik's 25 European subsidiaries and 2 production facilities in Romania, as well as Whirlpool's 14 production facilities and 38 subsidiaries in nine locations in Italy, Poland, Slovakia, and the U.K. The necessary approvals have been received from the regulatory authorities for the merger transaction and the process regarding the closing of the transaction is expected to be completed soon.

In addition, a share purchase agreement was signed on 22 June 2023 regarding the acquisition of 100% shares of two Whirlpool Corporation's subsidiaries domiciled in the United Arab Emirates and Morocco and operating in the Middle East and North Africa markets by Beko B.V. for EUR 20 million subject to net indebtedness and net working capital adjustments and other adjustments based on the closing financials.

Following the 2022 acquisition of Whirlpool's production subsidiaries owning the washing machine and refrigerator plants in Lipetsk, Russia and sales subsidiary in Moscow, integration with Arçelik was completed during 2023 and processes were unified. Arçelik carries out the production and sales of five different brands in Russia.

Incorporated in 2021, Arçelik Hitachi Home Appliances carried on with product development between 2021 and 2023 and kept bringing higher segment products with upgraded properties to consumers in more than 65 countries.

Arçelik issued a Eurobond USD 400 million with a maturity date on 25 September 2028. The facility was the first Eurobond issue by a private sector company in Turkey in almost two years. On 17 November 2023, an additional USD 100 million was issued with the same maturity and the same interest rate, and the total amount of the Eurobond reached USD 500 million.

**Arçelik develops technologies for the future based on its sustainability vision.**

Arçelik regards sustainability as a business model in keeping with its vision “Respectful of the World, Respected Worldwide” and designs the future now.

Arçelik’s sustainability vision is erected on three pillars:

- “In Touch With Our Planet” to shrink our environmental footprint
- “In Touch With Human Needs” to create value for the community
- “In Touch With Business” to drive sustainable development in the value chain

Home appliances are responsible for about 30% of household emissions. It is considered that emissions stemming from home appliances will increase with the need for higher energy consumption to be driven by the rapidly growing middle class in the Asia-Pacific and Sub-Saharan countries. A great deal of the demand for energy will stem from increased volume of equipment, devices, lighting, and other products.



Approximately 99% of Arçelik’s carbon footprint is made up of indirect emissions, i.e. Scope 3 emissions. Energy consumed by products are accountable for the highest share within Scope 3 emissions with 80%. Therefore, capability to produce energy-efficient products has become one of the most strategic sustainability targets for Arçelik. The Company focuses on energy-efficient product development strategies in accordance with Scope 3 targets it has submitted to the Science Based Initiatives Target (SBTi), and benefits from green finance supports in this respect. Through the energy-efficient products it does, and pledges to, manufacture, Arçelik works with the aim of changing consumers’ lifestyles and creating a meaningful impact on the future in the long-term not just in regions with stricter regulations such as the European Union but also in markets where sustainability transformation is a challenge and needs to be supported.

In 2023, Arçelik R&D teams publicized Energyspin, the pioneering energy efficiency technology, and the AI Sense technology. Energyspin reduces energy consumption by up to 35% as compared to conventional washing methods. Exhibited for the first time, AI sense, on the other hand, goes beyond the

programs existing washing machines offer to consumers according to type of textile, and automatically determines the fabric type, laundry load, soil and rinsing level. 28% of the product by weight is made up of recycled materials and has 32% less carbon footprint throughout its lifecycle.

Reducing Scope 1 and Scope 2 emissions are equally strategically important for Arçelik as are Scope 3 emissions. Increasing installed renewable energy power particularly in production and using 100% green electricity for consumption in global manufacturing facilities are among the Company’s important priorities.

Having pledged to double the economic output per energy unit consumed as compared to 2010 to the EP 100 initiative in order to increase energy efficiency in manufacturing, Arçelik realized 95.8% of its commitment by year-end 2022 and already got very close to its 2030 target by year-end 2023.

- Having set the target of reaching 50 MW in installed renewables capacity by 2030, Arçelik is planning to grow this figure to over 100 MWp on the back of ongoing rooftop projects and land projects that are being developed in three regions in Turkey over the next three years. In this case, Arçelik will have realized its 50 MW renewable energy target by 2030 earlier, and more than 60% of electricity consumption of domestic establishments will be supplied by these power plants.
- According to International Energy Agency (IEA) data, energy efficiency investments must be doubled, and renewable energy investments must be tripled by 2030 to keep the 1.5°C goal within reach. As a result of Arçelik's investments in energy efficiency, the installed capacity rose from 3.2 MW at end-2021 to 10.2 MW at end-2022. Considering that this capacity will go up to 100 MW including rooftop and solar field projects, Arçelik's renewable energy investments will quickly shoot up to 10 folds as compared to 2022.
- In line with Arçelik's goal to ensure 100% green electricity purchase in global production facilities by 2030, 65% of electricity needs of global operations in 2022 was covered from green electricity.
- Unfolding a major investment in renewable energy, Arçelik commenced solar panel production in Beylikdüzü, İstanbul. The facility provides employment to more than 150 people. Arçelik's facility automatized the sector's numerous manual tasks and set up a line that is compatible with the industry 4.0 technologies. 550 W solar panels have 12 years of product warranty and 25 years of a minimum performance guarantee of 83%.



- In the developing and booming electric vehicle market, Arçelik and WAT Mobility completed the Arçelik Integration Project for the sales and after-sales services of EV charging stations and adapted the same to the field in 2023. Sold via Arçelik and Beko authorized dealers, Arçelik by Wat branded charging stations started to be serviced by Arçelik authorized service centers.

Arçelik makes use of sustainable financing to reach its goals. The Company has issued green bonds worth EUR 350 million in international markets in 2021. Furthermore, the EUR 83 million-portion of the loan agreement signed with the European Bank for Reconstruction and Development (EBRD) for the total amount of EUR 150 million is a green loan. These green funds are allocated to environmental sustainability and R&D projects and serve to put to life significant projects to achieve the net-zero goal throughout the value chain by 2050.

#### Global leadership in sustainability

- Arçelik has been the top scorer (October 2023 S&P Global Corporate Sustainability Assessment score: 86/100) for the fifth time in the Household Durables category of the Dow Jones Sustainability Index and qualified for inclusion in the Index for seven consecutive years.
- Arçelik made it for the fourth time to the Corporate Knights Global 100 Most Sustainable Corporations list.
- Arçelik was included in CDP's 2022 Climate A- list and Water B list.
- Arçelik was assigned an ESG Risk Assessment score of 11.6 by Morningstar Sustainalytics<sup>1</sup>, and was assessed to be at low risk stemming from ESG factors.
- Having scored 70/100 at the EcoVadis Sustainability Assessment, Arçelik was placed in the top 5% companies assessed and earned a Gold EcoVadis Medal.
- Arçelik was awarded Prime degree at ISS ESG.

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- Since 2014, Arçelik is a constituent of the BIST Sustainability Index comprised of companies traded on Borsa İstanbul.
- Arçelik received a score of 92/100 according to 2023 data and ranked 1st in the sector based on the assessment by Refinitiv, a global rating agency.
- Arçelik has been a constituent of FTSE4Good Emerging Markets Index since 2016, which lists companies with strong ESG performance as measured by FTSE Russell<sup>2</sup>.
- Arçelik has been rated AA in the MSCI Sustainability Index in 2015, and consistently AAA since 2016.
- Arçelik has an emissions reduction goal aligned with “well-below 2°C” trajectory, which is approved by the Science-Based Targets initiative (SBTi). The Company also committed to set a target aligned with the 1.5°C scenario in compliance with the SBTi Net Zero by 2050 Standard.
- Duties are assumed actively within WEF CEO Climate Alliance and UN Global Compact CFO Taskforce of which Arçelik CEO and Arçelik CFO are members respectively.

Arçelik declared gender equality commitments in technology and innovation as part of UN Women Generation Equality Forum, of which Koç Holding is one of the global leaders. The Company’s commitments to be achieved by 2026 in this context are as follows:



**1. Provide technology, design, information technology and software education to 100,000 girls (aged 10 to 14) in all 81 cities of Turkey to mitigate the Gender Digital Divide** (The Digital Wings Project was launched in 2023 across the whole country including Container Cities).

**2. Support the career developments of women engineers (university students aged 17 to 23) in R&D and innovation at Arçelik’s facilities in Romania, Pakistan and South Africa.** (In 2023, 106 female engineering students from Turkey, Pakistan, South Africa and Romania joined in under the “WE-inTech” project).

**3. Increase the number of women entrepreneurs in the retail ecosystem by increasing the ratio of women dealers at Beko Turkey from 4.8% to 25%** (Since the number of women dealers already reached 100 in 2023, the project was renamed “Women’s Work is Women’s Power”, and the % of women dealers went up from 4.8% to 11%.)

**4. Reach 2,500 women through global entrepreneurship programs and contribute each year to funds allocated to women entrepreneurs** (Arçelik Garage Innovation Hub programs reached 503 women in 2023 and contribution was made to the fund pool of USD 13.1 million channeled to women entrepreneurs).

**5. Increase the % of women in STEM positions at Arçelik from 16% to 35% in its global organization** (In 2023, the % of women in STEM positions went up from 19% to 21.3).

**6. Equip women with new vocational competencies at technical level and increase % of women technicians at Arçelik authorized service centers from 6.7% to 14%** (Under the 500 Women Technicians project, 13 new training programs were held and 49 new women technicians were trained in 2023, and the % of women technicians reached 7.4%.)

*(2) FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Arçelik has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.*

From the fourth quarter of 2022, Beko partnered with Water.org to support a social responsibility program that will give 10,000 Kenyans access to safe water and sanitation solutions. Under the partnership, Beko sponsors Water.org and its local partner AMFI Kenya, the Association of Microfinance Institutions-Kenya, and gives populations deprived of safe water sources access to safe water.

In cooperation with WWF-Turkey (World Wildlife Fund) and the Marine Life Conservation Society (DYKD), Arçelik developed a project for ghost fishing nets that threaten marine biodiversity. Abandoned fishing nets located in exploratory dives off the Princes' Islands in the Sea of Marmara were retrieved by divers in dedicated dives. Collected fishing nets will be recycled and used in Arçelik products.

Arçelik aims to work towards increasing its biodiversity footprint to the no-net-loss level by 2050 and thus, carried out a biodiversity risk assessment of its own operations. Arçelik targets to increase biodiversity in the land of the Arctic Ulmi plant located near Natura 2000 key biodiversity area (KBA) by 2027.

In 2023, Arçelik unveiled the game "DOMINO: The Little One" co-developed with the Beko brand to draw the attention to the climate crisis and environmental issues. Developing sustainable technologies for the planet's future, Beko aims to raise increased awareness of individual steps that can be taken against the issues impacting the continuity of the ecosystem with a focus on climate crisis through the protagonist named Domino.

Below are highlights of the projects the Company carried out to date in line with its 2030 targets based on its sustainability approach:

- Use recycled and bioplastic parts in products, which have less carbon footprint as compared to their oil-based alternatives.
- Use 100% recycled and recyclable cardboard in the boxes of certain models of its products
- Product line with EPS-free packaging,
- Capability to filter up to 90% of microplastics that damage the marine ecosystem and threaten health by making its way into the food chain with the world's first-ever washing machine fitted with FiberCatcher® filter, an integrated microfiber filtration system.
- Save water while uncompromising on efficient cleaning with the washing machine, dryer and dishwasher designed with SaveWater technology
- Approximately 30% less energy consumption as compared to A energy efficiency class in Aquatech washing machines by showering the contents with the premixed detergent and water.

#### Forward-looking expectations and growth strategy

Arçelik formulated its future strategy under four main pillars focused on economic growth under the sustainability roof:

- Strengthening: Strengthening the key markets and product groups
- Expanding: Achieving increased geographical penetration and capitalizing on new growth opportunities
- Enriching: Diversification of the product portfolio, after-sales services and customer experience
- Contributing value: Technology for the planet, society and our business

The Company carries on with its investments to consolidate the position of Beko, which is a leading brand in Europe that represents its primary market, and to respond to evolving customer demands.

In pursuit of increased geographical penetration, Arçelik carries on with its growth investments through its partnership with Hitachi, with its facility investments in Bangladesh and with its Beko brand in the Asia-Pacific region that presents a young population ratio, high purchasing power and developing economies.

With respect to enriching its product portfolio, Arçelik is targeting to increase its market share particularly in small home appliances and built-in appliances market. The Company develops business models that pays regard to specific country needs by enriching its products and services within the scope of after-sales services.

Arçelik is guided by energy efficiency and circular economy principles in its products in line with its publicly disclosed targets within the scope of its sustainability strategy. Through wider production and sales of energy-efficient products, it is aimed to reduce the emissions resulting from their use. Arçelik targets 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 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 (AC) units under one roof in the Middle and the Near East and Europe with an annual production capacity of 1.5 million units, with an average of 900 employees throughout the year.

The Company is the leader in Turkey with its Arçelik brands thanks to its innovative and competitive approach, strong technological infrastructure as well as wide distribution network. Approximately 35% of air conditioners produced by Arçelik-LG are exported to a number of countries, primarily Europe and Africa.

In 2023, Arçelik-LG achieved its production and sales target of 1,000,000 sets of split AC units thanks to the broad product network that it has developed and put on sale in conjunction with its principal shareholders, Arçelik, Beko and LG brands.

### First and new products continued at full speed in 2023

On the back of R&D activities, Arçelik-LG merged air conditioner and air purifier products to minimize the increasingly more common allergen-caused disorders with its Allergen Smart Plus product that fulfills the double function of climatization and improving interior air quality.

Within the scope of sustainability projects, the ratio of recycled plastic content in the interior unit parts was increased from



10% to 13% in 2023. As a result of these steps, 264 tonnes of recycled plastic raw materials were used, avoiding 720 tonnes of GHG emissions and reducing 1.6 m kWh electrical energy consumption. In 2024, it is targeted to increase this ratio to 22%. The projects carried out earned Arçelik-LG first prize in the Sustainable Innovation and Process category at the Sustainable Business Awards 2023.

In the residential AC segment, Arçelik-LG retained its leadership position in Turkey with high energy-efficient designs that maintain the high-quality perception in the eyes of consumers by introducing competitive product projects in Arçelik – Beko Ecological segment ACs. With these new products, the Arçelik group further enhanced Turkey's widest residential AC range that it already possesses.

In the commercial AC segment, momentum was given to investments that will increase the share of domestic production. The investments covered renewal of production lines for increased efficiency, and introduction of large-capacity, new generation commercial air conditioners.

With a human focus, Arçelik-LG works with "Zero Risk" target in relation to occupational health and safety and introduces new projects. Accordingly, the "Auto-Nitro" project under which ergonomic practices that will eliminate occupational safety risks during production was awarded in the OHS Ambassadors category at the Stars of

Occupational Safety awards organized by MESS, Turkish Employers' Association of Metal Industries.

Despite all the uncertainties experienced in supply chain management, supply channel configurations were modified that resulted in a more shock-resistant structure and thus, 99.2% success rate was captured in on-time shipment of products to sales channels and customer delivery.

### Forward-looking expectations

Exceeding customer expectations in high energy-efficient, high quality and competitively priced products that contribute to sustainability, Arçelik-LG aims to achieve growth in exports by penetrating new markets, while sustaining its leadership in the domestic market with increased share.

The Company carries on with research and development, focusing on expectations and opportunities born out of user and technology trends with the aim of developing innovative products.

The Company also targets to keep up with investments in the commercial AC segment and widen its domestic products range with the addition of new products. To this end, the Company aims to increase market share through hi-tech competitive products that contribute to sustainability.







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

With its experience of 40 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 sales points spread throughout Turkey.

Bilkom is the name that brings to customers nine out of every 10 industrial drones, 1 out of every 3 kick scooters sold in Turkey, and 1 out of every 6 tablet computers and 1 out of every 6 smart watches sold in electronics retail stores. These market shares achieved reinforce the Company's number 1 position in its industry.

Ranked 123<sup>rd</sup> in Fortune Turkey 500 list, Bilkom is the unchanged number 1 distributor of tablet and portable computers in Turkey for the past three years in a row.

### Value added and focused distributor

Under its value-added service package named Bilkom Plus, Bilkom offers services such as 360-degree brand management, business development, licensed domestic production, channel program development, consumer experience management and far-reaching countrywide after-sales services up to the



endpoint to select and pioneering global brands that lead the digital and mobile transformation in the world such as Apple, Huawei, TCL Electronics, DJI Enterprise, Segway-Ninebot, Razer, Meross, Aqara and Pico.

### Sustainable profitable growth

Carrying out its activities with sustainable profitable growth focus, Bilkom's revenues in TL terms increased by 97% year-on-year to reach TL 22 billion (USD 929 million). In 2023, Bilkom carried out 5 bond issuances for the amount of TL 1,090,000,000 with a maturity of 6 months to qualified investors.

Of the 119 employees on its payroll, the percentage of women employees at Bilkom is 56% and that of Millennials is 82%. Enjoying an employee engagement score of 86% earned by its new generation flexible working model, agile management concept and innovative HR practices implemented, Bilkom was named among Turkey's best employers in 2023.

### Digital investments

In line with its motto spelled out as 'Digital Life Coach', Bilkom supports digitalization as a tool to foster operational efficiency and sustainable growth. The Company aims to become a "Digital Role Model

Company" with its digital transformation and data analytics projects to which approximately 44% of its total investments over the past four years were allocated.

### Social Responsibility Projects

Having implemented the social responsibility project "100 Years of Legacy: Bengüboz Exhibition" in honor of the centennial of the Turkish Republic, Bilkom provided the conservation of Ahmet İzzet Bengüboz's authentic works from the 1920s and 1930s and brought them to the present day using digital and innovative methods.

### Forward-looking expectations

Regional expansion, online channels, supply chain organization and service sales are among Bilkom's future innovation focuses.

The internationally awarded closed marketplace platform, "Lonca Market", launched as an online innovation project, continues its investments. Making investments for domestic production in television and smartphone categories, Bilkom capitalizes on new production opportunities that will reinforce its "Manufacturer-Distributor" identity.

Website



# Finance

We offer the most creative solutions to our customers on every platform through our investments in digital transformation and widespread branch network.



**DEDICATION  
TO DELIVER  
FOR A SUSTAINABLE  
FUTURE.**

## Finance

### Developments in the banking sector

In 2023, tight monetary policy implemented all over the world due to the ongoing global inflation and soared energy and food prices driven also by aggravated geopolitical risks put pressure on economic growth. As a result of all these developments, the International Monetary Fund (IMF)'s World Economic Outlook dated January 2024 estimates that global economy expanded 3.1% in 2023 after growing by 3.5% in 2022.

In the second half of the year, domestic demand was balanced with the effect of monetary tightening, and the restraining effect of external demand on growth continued, although at a lesser extent. On the other hand, while current account deficit showed some recovery owing to increased service revenues and declined energy imports, it still remained high.

The Central Bank of the Republic of Turkey (CBRT) kept the policy rate at 8.5% until May 2023. From June onwards, monetary tightening process was initiated to peg the inflation projections and to control the deteriorated pricing behavior. Policy rate was increased to 42.5% with a total rise by 3,400 bps between June 2023 and December 2023.

The measures and arrangements of regulatory authorities continued in 2023 within the scope of the "liraization" strategy based on restructuring the financial system on the basis of Turkish lira instruments, which was initiated in 2022. The CBRT also introduced quantitative tightening and selective credit policies to complement rate hikes. In addition, certain targets in effect



were either modified or revised upon the enforcement of the simplification process for the micro- and macro-prudential framework.

Unless otherwise stated, data pertaining to the banking sector and Yapı Kredi are based on the amounts that have been drawn up and publicly disclosed pursuant to the Banking Regulation and Supervision Agency (BRSA).

The steps taken served to increase the share of the Turkish lira in the banks' balance sheets. With the restraining measures adopted for credits, TL credit growth also remained below the inflation. In 2023, the overall sector's TL lending grew by 54% annually, and the growth was driven mainly by TL corporate loans and credit cards.

TL loans increased by 53% and 52% at public and private banks, respectively. FC loans, on the other hand, kept diminishing and contracted by 4% on USD basis.

The arrangements concerning the FC-protected TL deposits and the liraization strategy resulted in 87% expansion in TL deposits and 9% contraction in FC deposits. The overall sector's NPL ratio in 2023 improved by 46 bps as compared to year-end 2022 to go down to 1.6% owing to the continued solid course of economic activity, the support from collections and credit growth.

The banking sector preserved its robust balance sheet position, and high liquidity and capital adequacy ratios. In 2023, the sector's liquidity coverage ratio was 156% and capital adequacy ratio was 18% including impact of regulatory forbearances. Net profit of the sector was up by 41% to TL 567 billion, and return on equity was registered as 34%. Private banks and public banks achieved respective annual growth rates of 34% and 57% in their net profit.



### The Koç Group in the Banking Industry

In 2023, Yapı Kredi increased its market share to 15.3% in TL cash loans and 13.9% in customer deposits among private banks.

### Companies and Domestic Positions

#### Yapı Kredi

#4 among private banks

#### Yapı Kredi Subsidiaries

- Yapı Kredi Leasing
- Yapı Kredi Factoring
- Yapı Kredi Invest
- Yapı Kredi Asset Management
- International operations: Yapı Kredi Nederland, Yapı Kredi Azerbaijan

#### Koçfinans

The growing player in the area of integrated financing solutions

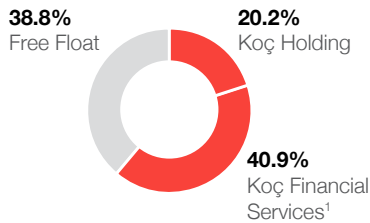
### Competitive Advantages

- Experience dating back 79 years
- Innovative service and branch network
- Pioneer in digital solutions
- Customer focused growth strategy
- Strong and diversified funding base
- Meeting all of the financial needs of its customers under one roof



Yapı Kredi sustained its successful profitability and balance sheet management performance, and remained the leading bank with its prudent provisioning, further strengthened liquidity and capitalization.

### Ownership Structure



(1) Koç Holding has a direct shareholding of 84.53% in Koç Financial Services.

(2) Position and market shares among private banks.

### Domestic Position²

- 15.3%** market share in total assets
- 16.9%** market share in total cash and non-cash loans
- 16.8%** market share in TL cash loans
- 13.9%** market share in customer deposits
- 18.9%** market share in credit cards

### International Position

- Yapı Kredi Leasing **17%** market share
- Yapı Kredi Faktoring **11.2%** market share
- Yapı Kredi Invest **15.8%** market share
- Yapı Kredi Asset Management **9%** market share
- Yapı Kredi Bank Nederland
- Yapı Kredi Bank Azerbaijan

### Financial Indicators (BRSA Consolidated-TL billion)

Total Assets	Total Cash Loans	Net Profit	Return on Average Tangible Equity	Cost / Income
1,863 +57% (2022: 1,184)	920 +52% (2022: 607)	68 +29% (2022: 52.7)	45% -11.6 pp (2022: 56.6%)	78% +12 pp (2022: 67%)

### Non-financial Indicators

#### ESG Commitments

- Target to reduce Scope 1, 2 and 3 GHG emissions¹
- Commitment for % of women on board²: 30% until 2026 (2023: 20%)
- As part of the UN Principles for Responsible Banking, commitment to increase by 10% the % of women entrepreneurs who own 2 or more active financial products from different categories in order to enhance their financial resilience
- Commitment to increase % of women in STEM positions (2021 baseline year: 35%, 2022: 37%, 2023: 37%, 2026 target 40%)
- Commitment to reach 80,000 women and girls between 2022-2026 through STEM community programs

#### International Platforms

- Science Based Targets initiative (SBTi)
- Net Zero Banking Alliance (NZBA)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Finance for Biodiversity Foundation
- UN Women’s Empowerment Principles (UN WEPs)
- Action Coalition on Technology and Innovation of the UN Generation Equality Forum
- UN Principles for Responsible Banking (UN PRB)
- United Nations Global Compact (UNGC)

#### Sustainability Indices

- BIST Sustainability Index
- Bloomberg Gender Equality Index
- FTSE4Good
- Sustainalytics ESG Rating: 14.5 (In the category of best-in-class companies with low risk)
- MSCI (AA Leader Category)
- S&P CSA: 69 The Sustainability Yearbook 2023 (Member)
- Vigeo Eiris: 41
- CDP: Climate Change Score “A”, Water Security Score “A”
- Sustainable Fitch: 59
- ISS ESG: C-

(1) Yapı Kredi is in the process of updating its earlier Scope 1, 2 and 3 emissions targets as part of the Science Based Target Initiative - SBTi validation process. The validated targets are planned to be shared in the next annual report.

(2) Policy Acceptance Date: Mart 2021



Established in 1944, Yapı Kredi is a leading financial group together with its domestic and international subsidiaries. It carries out its activities in “Retail Banking” (individual banking, business banking, private banking and wealth management, and payment systems), “Corporate Banking” and “Commercial and SME Banking” segments. The Bank’s operations are supported by its domestic subsidiaries consisting of portfolio management, brokerage, leasing and factoring as well as international banking subsidiaries in the Netherlands and Azerbaijan.

### Yapı Kredi kept strengthening its position in the sector while sustaining its support to the Turkish economy.

In line with its strategy, Yapı Kredi continues to reduce the concentration in loans and deposits, pursue fragmented and broad-based growth, and focus on transaction banking for fee and commission generation. At the same time, the Bank keeps preserving and further improving its solid balance sheet composition drawing on its sound capitalization and liquidity.

Unless otherwise stated, data pertaining to Yapı Kredi are based on the amounts drawn up and publicly disclosed by Yapı Kredi pursuant to the Banking Regulation and Supervision Agency (BRSA) requirements.

The Bank’s cash and non-cash loans expanded by 54% to reach TL 1,308 billion. Cash loans amounted to TL 920 billion, up by 52%. While loan growth was mainly driven by TL denominated loans, Yapı Kredi continued to support companies and exporters, and remained by the side of its retail customers. The Bank’s customer deposits volume grew by 55% to reach TL 1,076 billion. In line with its strategic goals, the Bank



continued to increase the share of its demand deposits in total deposits also in 2023 and brought it up to 42.1%.

The Bank continued to diversify its funding sources and secured approximately USD 4.09 billion through syndications, securitizations, bond issuances and bilateral loans.

### Yapı Kredi signed two syndicated loan agreements in 2023.

In the first half of the year, the Bank secured a syndicated loan of USD 580 million which was participated by 35 banks from 21 countries. The first social syndicated loan for Yapı Kredi, the facility will be utilized for foreign trade finance for its customers in the provinces impacted by the earthquake.

In the second half of the year, on the other hand, Yapı Kredi obtained a syndicated loan for the amount of USD 755 million, which was participated by 39 banks from 22 countries. Tied to sustainability criteria, this loan will also be utilized for foreign trade finance. This deal incorporates additional performance criteria associated with increasing the loan volume extended

to women-led or women-owned businesses and goals for decarbonization of the loan portfolio.

In 2023, the Bank’s capital base has been supported by internal capital generation backed by profitability and optimization; the consolidated capital adequacy ratio realized at 16.9%.

In the same period, Yapı Kredi’s net interest margin adjusted for swap costs declined by a limited 370 bps to 5.39% despite increased funding costs, thanks to its proactive asset-liability management strategy. With the added contribution of strong growth in commissions, an 11% increase in pre-provision income was achieved. The Bank’s commission/income ratio was realized at 78%. The Bank maintained its prudent approach despite limited net new additions to NPL and strong collections performance, and preserved its solid provisioning in its asset quality with a net cost of risk of 14 bps. The Bank’s total loan coverage ratio was 4.4%. In the light of all these developments, Yapı Kredi posted a return on equity of 45%.

Continuing to support the country's economy in line with its customer-oriented banking approach, Yapı Kredi carries on with its digital banking focused approach that places people at the heart of its activities, and maintains its investments in this field by incorporating technology in its business processes to the maximum extent, in a manner which makes life easier for its customers and enriches their experience.

**Yapı Kredi acts with the sense of responsibility to leave a more livable world to future generations.**

Drawing on its solid capitalization, people-oriented innovative service concept without limits, and qualified human resource, Yapı Kredi keeps growing sustainably in its targeted areas. The Bank believes that economic growth can be achieved with a holistic perspective that tackles environmental and social sustainability issues in combination. Having successfully maintained its identity as the exemplary institution for the banking sector and the country for many years with the steps taken along this line, Yapı Kredi espouses sustainability in every aspect and integrates it in all its business processes.

As a result of its gender equality initiatives, Yapı Kredi qualified for inclusion in the 2023 Bloomberg Gender Equality Index (GEI). The Bank has committed to reaching a total of 20,000 women entrepreneurs by the end of 2026 with advantageous products and services specifically for women entrepreneurs. On another front, the Bank targets to reach out to 80,000 women by 2026



through training programs devised under 14 different headings in information technology within the scope of the Equality in Technology Project. In addition, with the Snowball for Tomorrow education program that the Bank launched in keeping with the principle to help build a robust foundation for the future of children, the Bank aims to support the development of children in the 0-6 age group, which is the mental development stage, and contribute to raising a generation that will be able to compete with the rest of the world.

Furthermore, Yapı Kredi became a signatory to the Net Zero Banking Alliance (NZBA) set up by the UN Environment Programme Finance Initiative (UNEP FI) in a continuation of the steps it takes for combating the global climate crisis. On another front, the Bank was placed in A (Leadership) band in the Climate and

Water programs of the GDP, the world's largest environmental reporting platform; outperforming the global finance sector average. It has also joined the Business Ambition for 1.5°C platform of the Science Based Targets initiative (SBTi) and committed to set GHG emission reduction targets that will limit global warming to 1.5°C. Yapı Kredi is among the banks supporting the Task Force on Climate-Related Financial Disclosures (TCFD). On top of all those, Yapı Kredi has been the only Turkish financial institution to become a signatory to the Finance for Biodiversity Foundation.

Under the UN PRB (United Nations Principles for Responsible Banking), of which it is a founding signatory, Yapı Kredi identified its three priority impact areas: Climate Change, Financial Inclusion and Health, Gender Equality. In this context, the Bank continues to disclose the



progress it achieves towards the targets it has identified as per the target setting guidelines developed by UNEP FI through the UN PRB progress report on an annual basis.

Undertaking significant work in relation to carbon emissions as well, Yapı Kredi minimizes environmental risks through its initiatives targeted at low-carbon transition and combating climate change. The Bank effectively manages its environmental and social impacts arising from its operations and its lending. Implementing ISO 14001 Environmental Management System at its Head Office, domestic subsidiary locations and the majority of its branches, the Bank calculates and reports its GHG emissions from its operations each year in line with the ISO 14064 standard. In addition, in 2022, the rooftop SPP project was implemented in the Banking Base building. In addition to the emissions reductions achieved by the projects in 2023, the Bank neutralized Scope 1 and 2 emissions by purchasing Carbon Neutral Certificate for Scope 1 emissions and IREC (International Renewable Energy Certificate) for Scope 2 emissions. Yapı Kredi aims to encourage its customers to turn to ecofriendly solutions by raising their awareness and reduce carbon emissions through Step, the Sustainable Choices Program it has launched in 2023. The Bank also continues to raise awareness of its customers through its livestreamed programs focused on sustainability, podcasts and blog posts, and to minimize its environmental impact through its digital banking solutions.



Furthermore, within the scope of the Carbon Transition Program launched by Koç Holding, Yapı Kredi calculated the emissions arising from its credit portfolio in accordance with the international PCAF (Partnership for Carbon Accounting Financials) methodology and set its science-based reduction target in relation thereto. In 2023, Yapı Kredi finalized the strategy development for the targets it has set, and took steps to reformulate its lending policies as per this strategy.

Yapı Kredi has also started to work on integrating climate risks in credit risks. The Bank aims to provide training to its relevant teams and to organize workshops, which will lead to the creation of an installed capacity for integrating risks arising from climate risks within its credit risk assessment processes.

Specifically for this purpose, the Bank keeps actively participating in working groups set up under BAT (The Banks Association of Türkiye) and closely monitors the regulations developed by the BRSA (Banking Regulation and Supervision Agency).

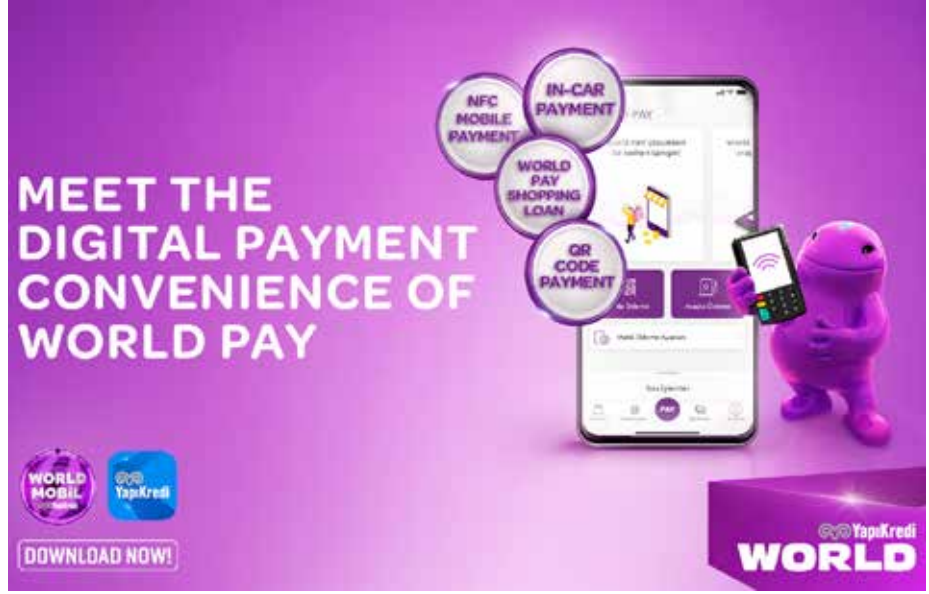
Under the policies updated in 2021, Yapı Kredi announced that it will not finance greenfield coal-fired thermal power plants and greenfield coal mining projects. As it authors numerous pioneering initiatives within the framework of sustainability, the Bank keeps supporting the green transition by extending financial support to green projects and investments.

### Forward-looking expectations

In 2024, Yapı Kredi aims to preserve its sound capital base while maintaining its leading sectoral position, solid balance sheet structure, successful assets-liabilities management and strong liquidity. In line with its strategies, the Bank will also continue to reach more customers while maintaining its broad-based growth target on both the loan and deposit sides.

In the medium term, Yapı Kredi targets to be the best in its class in value creation with the support of its strong balance sheet and customer-oriented service model.

Undertaking initiatives that will cater to customer expectations and enrich their experience, Yapı Kredi will keep supporting its customers in any respect they need based on its people-oriented service concept. Along this line, drawing on its solid position in the sector and its innovative character, the Bank will continue to author projects that lift limits in every aspect of banking, just like it has presented numerous trend-setting innovations to the sector ever since its inception.



In the coming period, Yapı Kredi will work committedly to contribute to the society through initiatives in environmental, social and governance areas. In this framework, the Bank will support green transition in all respects, including the financing channels offered to the business world. Yapı Kredi will continue to deliver financial solutions for sustainable development through its wide variety of products and services

centered on sustainable finance, such as green bonds, sustainability-linked loans, renewable energy and energy efficiency loans, electric vehicle loans, ecofriendly housing loans, and ESG mutual funds.



## With its agile structure, Koçfinans offers wide range financial solutions.

Engaged in the finance sector, Koçfinans is a leading company in its sector with total assets worth TL 17.4 billion and ranks second in terms of portfolio volume. The Company's loans portfolio augmented by 103% to TL 15 billion as compared to 2022, and its net profit for the period grew by 147% to TL 494.4 million.

Koçfinans has been the first company in Turkey that qualified as a "5 Star Certified Agile Organization" in the Business Agility Profile assessment by the Business Agility Institute that measures business agility maturity.

Targeting to make a difference in its sector by delivering the best experience to its customers and employees, Koçfinans received Gold Stevie in the "Achievement in Customer Satisfaction" category at the Stevie Awards, one of the most prestigious recognition programs in the business world, with "A Journey to a Customer-Driven Transformation". The Company was also named "Turkey's Best Employer" for the third time in the global program of Kincentric, the leader in human resources and consultancy.



Breaking new ground in the sector, the Company launched the "Full-Automatic Car Loan" developed with a focus on full automation to fulfill customer needs in the fastest manner. The Company continues to invest in projects that employ alternative data and artificial intelligence models. In second-hand car loans, Koçfinans designed a machine learning-based evaluation method that uses alternative data sources for the customer segment with weak financial adequacy, and thus expanded its customer base.

Koçfinans offers Mentoring Program to girl students attending engineering and science faculties at Anatolian universities to honor its gender equality pledges spelled out under the "Orange Wings Kindness Initiative".

Koçfinans stepped into the recently highly vibrant insurance industry with a digital agency brand named Sigola. Sigola started offering advantageous quotes that it gets from 12 different insurers to non-credit customers through fast, simple and effortless processes both over the credit-linked systems and its website.

In addition, under its collaboration with the Turkey Securitization Company, Koçfinans authored a first in the sector and carried out an asset backed securities issue backed by domestic auto loans. The issue was at the same time an asset backed security which was originated by a finance company and the biggest-ticket domestic asset backed securities issue.

### Forward-looking expectations

Maintaining its focus on automotive, Koçfinans targets to grow in second hand vehicle loans and in the heavy vehicle market. In dealer finance, the Company will concentrate on installing integrated systems in vehicle suppliers with its innovative boutique products and on tender platforms.

With regard to auto insurance, Koçfinans will focus on new customer acquisition via its affiliate Sigola, on the back of technological infrastructure and user-friendly purchasing experience.

Website



# Other Lines of Business

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

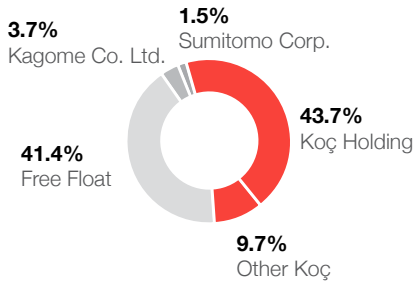






Tat Gıda leads the transformation that will give everyone access to good and wholesome food. As part of portfolio optimization, the Company was sold to Memişoğlu Group in 2024.

### Ownership Structure<sup>1</sup>



(1) Koç Holding has no shareholding interest remaining in Tat Gıda as of 19 February 2024. The shareholding structure of Tat Gıda after the sales is as follows: Memişoğlu Tarım Ürün. Tic. Ltd. Şti.: 49.04%; Other: 50.96%.

### Domestic Position

**Leader** in tomato products, tomato paste, ketchup and canned pickles by its revenue share

### International Position

Exports of branded products to **nearly 40 countries**

**The world's 10<sup>th</sup> largest production facility** in terms of tomato processing capacity

### Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) <sup>1</sup>	Profit/(Loss) Before Tax	Net Profit/(Loss) <sup>2</sup>	Share of International Revenues
5,752	-543	-62	-86	
+10%	n.m.	n.m.	n.m.	
(2022: 5,249)	(2022: -368)	(2022: -65)	(2022: -149)	

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

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

### Non-financial Indicators

#### ESG Commitments

- Commitment for % of women on board: 25%<sup>1</sup> in 5 years (2023: 44%)

#### International Platforms

- UN Women's Empowerment Principles (UN WEPs)
- United Nations Global Compact (UNGC)

#### Sustainability Indices

- BIST Sustainability Index

(1) Policy acceptance date: February 2022



Backed by 55 years of experience, solid brand equity, robust market share and market leadership in all categories it exists, Tat Gıda is one of the largest food companies in Turkey. Boasting a rich portfolio, Tat Gıda brings high quality and tasty tomato and pepper paste, sauce, canned food, pickles and ready-to-serve meals to tables securely. At its Mustafakemalpaşa, Karacabey and Torbalı facilities strategically positioned near major agricultural areas, suppliers, main trade hubs and major ports, Tat Gıda ranks in the top 10 in the world and top 5 in Europe in terms of daily tomato processing capacity. The Company succeeded in climbing up 49 steps in ISO 500 rankings 2023 that lists Turkey's top 500 industrial establishments.

#### **Tat Gıda grew in the sauce category**

With the support of its domestic and overseas sales, Tat Gıda registered 24% increase annually in its sauce production volume in 2023. Breaking production records both in total sauces and PET bottle sauces segment, Tat Gıda increased its annual PET bottle sauce production capacity from 45 million units to 75 million thanks to its sauce preparation group and new filling line investment in 2023.

#### **In 2023, Tat Gıda focused on transforming itself into a modern and innovative food brand in all categories.**

Concentrating on production capacity, technology transformation and new products in keeping with this goal, Tat Gıda renewed its shelf appearance with new packaging in tomato and pepper paste, tomato products, ketchup, mayonnaise and pickles categories, and



preserved its leader brand position<sup>1</sup>. Presenting the market with products targeted at professional needs such as away-from-home consumption channel as well as more than 200 different types of products, Tat Gıda spent an intense product development period for the new products that will hit the shelves in 2024. Having sustained its market leadership and brand equity leadership in the main categories in 2023, Tat has emerged as Turkey's lovemark by a long way in the 16th Lovemarks – Turkey survey led by MediaCat and conducted by Ipsos in the ketchup category that was included in the survey for the first time.

#### **Growth in USD terms continues in export**

Via its business partners in overseas markets, Tat Gıda exports to over 40 countries. Despite the financial hardships that resulted from the global economic activity that decelerated more severely than forecasted, the rises in agricultural input costs and high food inflation, Tat

Gıda sustains its double-digit growth in USD terms in exports year after year. For this growth, Tat Gıda was placed 1st in Canned Products Exports 2022 and 2nd among the companies with the highest exports in all segments. by the Association of Fresh Produce and Fruit Exporters of Istanbul.

#### **The Company pioneers the sector and farmers through digital agricultural initiatives carried out with domestic and international companies for food safety and sustainable agriculture.**

Pioneering the use and development of agricultural technologies for food security and sustainable agriculture, Tat Gıda initiated the expansion program for digital transformation in 2023, whereby technology support and technical advisory service are provided to farmers. While farmers taking part in the program receive training and support about agricultural technologies, nearly 12% productivity increase was achieved in the fields included in the program. Thanks to timely

(1) Nielsen (Total Turkey Market Data - January-December 2023)



implementations carried out by employing the AI-based early warning system in Tat's own fields to mitigate the impacts of the global climate crisis, 2023 season was concluded with zero fungus damage. In tomato farming, smart water management system brought about 12% saving from water, 4% increase in productivity, and 6% rise in brix (a measure of the total soluble solid content in the tomato). In addition, the seed improvement technology utilized in the study conducted with startups from different countries resulted in a 20% productivity increase.

#### Taking steps for a sustainable future

As part of its Carbon Transformation Program, Tat Gıda carries on with its renewable energy projects for decarbonization.

Improvements were achieved in the number of accidents and accident frequency rate in 2023 thanks to the OHS Cultural Transformation and Awareness Project launched in 2022. With this project, Tat Gıda was granted the Occupational Health and Safety

Special Award in the Joint Future program organized by TISK, the Turkish Confederation of Employer Associations.

In cooperation with Intenseye company, the digital OHS application was introduced as a first in the food industry. The application enables monitoring production processes 24/7 with 75 cameras, and unsafe acts are detected using image processing technology. Based on over 10,000 detections in this period, actions were devised to preempt unsafe acts.

55 years into its sustainability journey that covers the entire ecosystem in line with its vision of pioneering the transformation that will give everyone access to good and wholesome food, Tat Gıda released its first sustainability report addressing its 2022 activities in 2023. In the conduct of its operations, Tat Gıda complies with the ecosystem economy metrics, and the United Nations Global Compact, to which it has become a signatory in 2023 and which is embodied within its corporate principles.

**The sales of the shares and redeemed share certificates held in Tat Gıda for the amount of USD 73.5 million, with an approximate profit of TL 1.1 billion, has been completed.**

As a result of the competitive sales process carried out within the scope of the evaluation of strategic alternatives commenced in 2023 as part of Koç Holding's portfolio optimization efforts, the portion of the shares held in Tat Gıda, which had been pursuing its operations successfully under the Koç Group for many years, by the Koç Group companies including our Company, Arçelik and Aygaz, the Koç Family Members and the foundations associated with the Koç Group that corresponds to 49.04% in total of the capital of Tat Gıda, as well as 15 founder's redeemed share certificates to Memişoğlu Tarım Ürünleri Ticaret Limited Şirketi was completed on 19 February 2024.



## Düzey

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

Founded in 1975, Düzey is active in the fast moving consumer goods sector with its expert team of 1,100 people and field support team of 141 people assigned in chain markets across the country. Düzey takes the lead among Turkey's top B2B sales and distribution companies with its ability to reach any sales outlet in the country, multiple-brand distribution capacity, and capability to service all micro and macro customers thanks to the most extensive distribution network at its disposal.

Düzey has undertaken the sales and distribution of products in its portfolio with 1 main warehouse, 5 regional warehouses, 3 hybrid distributor warehouses, 52 distributors and 54 mobile dealers.

Düzey keeps growing with its broadening categories, brand owners, new business models and private label.

The Company carries out the sales and distribution of 21 manufacturers and 37 brands. In 2023, the Company added various brands including Malatya Pazarı, Kahve Dünyası and Bahar Hindi to its portfolio in addition to the existing brands in the food category



that included Dardanel, Ferrero, Mixmey, Pursu, Tat, Upfield, and Maret. In the non-food category, on the other hand, the Company sustained its growth by undertaking the sales and distribution of Kimberly-Clark brand in 2023 in addition to Aksan Kozmetik, Body Products, Cire Aseptine and TURMEPA products on its portfolio.

Düzey added a new link to its initiatives for making effective use of its sales and distribution muscle and launched Ekin, its private label, and stepped into the staple food category with 9 types of products.

#### The most extensive distribution network in the fast moving consumer goods sector

Düzey offers service to its customers with a daily distribution capacity of nearly 400 in-city and nearly 40 inter-city vehicles.

During 2023, Düzey issued invoices to approximately 90,000 outlets on the conventional channel, and to 50,000 outlets on the national and modern channels, and realized the sales and distribution of 140,000 tonnes of food products and 10,000 tonnes of non-food products to a total of 200,000 outlets including other channels. In 2023, Düzey recorded approximately 90% growth on an annual basis and posted TL 9.4 billion in revenues.

Düzey secures efficiency in a rate of nearly 15% in distribution costs and competitive advantage in the sector by placing data analytics in its focus.

The Company regularly shares a large quantity of data flowing from sales channels and sub-distributors on a daily basis to speed up strategic decision-making processes of its business partners.

#### Forward-looking expectations

In line with its goal of becoming a digital platform, Düzey added speed to its target of implementing the projects it designed for the B2B channel in 2023. Along this line, the Company targets to establish an end-to-end technological infrastructure in the B2B area in the near future to create digital business models on several verticals, and to become the largest marketplace platform of the fast moving consumer goods sector in this area.

Moving forward with the goal of directly bringing a broader range to consumers in addition to the products on its portfolio, Düzey established Koç Otomat business unit and entered the vending machine sector. In 2024, the Company aims to become the biggest player in the sector.

Website





## With its digital store kocktas.com.tr, Koçtaş has become the one and only marketplace in the home improvement sector in Turkey.

Engaged in home improvement (DIY) retailing, Koçtaş is a one-stop solution center bringing together all needs and ideas for improving and beautifying every living space via its digital channels, and a total of 368 stores (46 Koçtaş, 322 Koçtaş Fix) across 57 provinces in Turkey.

In 2023, the Company has become the one and only marketplace in the Turkish home improvement sector with its digital store kocktas.com.tr. Presenting a full set of products and solution ideas for living spaces, kocktas.com.tr is bringing hundreds of thousands of product options to customers, incorporating Koçtaş warranty after-sales service advantage drawing on the strength lent by the extensive supplier network derived from the marketplace transformation project. In 2023, the total number of products exceeded 400,000 and that of vendors topped 1,000. Possessing physical store strength as opposed to other marketplaces, Koçtaş reinforced the multi-channel experience delivered to its customers further with this project. Another highlight of this initiative has been the completion of the marketplace transformation project within 8 months by mobilizing an agile team and used only its own resources without hiring any consultants.



Having rolled out agile working methodology across the company in 2019, Koçtaş expanded its agile transformation at all the central units in 2023. As a result of these efforts, the Company earned the “3 Star Agile Organization Certification” from the Business Agility Institute. Also, it was ranked among the Turkey’s Best Employers in the survey conducted by Kincentric, one of the world’s leading human resources and management consultancy firms.

The Company redesigned the recruitment and training processes at the stores, and broadened the coverage of the STEP internship programs that train the “Future Koçtaş Employees” across the stores. Targeting to equip individuals with experience and expertise in IT and R&D fields and attract talents to Koçtaş, the “ThinkTech Project Assistants” project marked the commencement of university collaboration.

In 2023, the Company’s sales on all digital channels including kocktas.com.tr, Koçtaş mobile app and in-store quick order screens augmented by 127% over the previous year.

To date, more than 110,000 technicians and over 500,000 customers registered in “Ustabilir”, a Koçtaş platform bringing customers and technicians together. In 2023, the number of repair people and customers registered with Ustabilir increased by 41% each.

### R&D Activities

The projects and applications implemented at the Koçtaş R&D center maximize customer, employee and stakeholder satisfaction. The Company integrated the “MISS” (In-Store Sales Systems) developed at its R&D center and used by sales consultants for in-store mobile sales and quick deliveries with “MoNa” used in after-sales services, and thus acquired the capability to satisfy all customer needs over a single system.

Intended to consolidate customers’ shopping experiences, channel-independent campaign and loyalty infrastructure developments were commenced as a cooperative effort of Chippin and Koçtaş R&D Center.

While 28 projects by Koçtaş R&D Center have been completed, 12 others are in progress. In 2023, the Company launched



7 new internally-funded projects, while TÜBİTAK TEYDEB-supported In-Store Customer Route Tracking (1707 Order-Based R&D Project) is ongoing, and funded AI Store Manager (1707 R&D Project) and Video Analytics (1505-University – Industry Cooperation Project) were brought to completion.

Included as a partner in two big consortiums on the international front, Koçtaş has two ITEA labelled projects - 1509 International Industry R&D Projects CAPE and CINTRA that qualified for a label from ITEA. Project CAPE will enable effective communication with customers through incorporation of smart dialogue systems in robots and kiosks. Under the SINTRA project, smart systems will be installed on cash registers to instantly establish incidents of monies lost or unpaid. Both projects are approved by TÜBİTAK. The commencement of the projects are pending for the completion of relevant processes in other countries.

Development processes were finalized for the cameras developed at Koçtaş R&D Center with three different artificial intelligence models running on them for counting the store visitors, which are then classified into four categories as women, men, children and employees.

Initial developments were completed for the In-Store Robot project that represents another critical initiative, for which in-store trials are ongoing. Furthermore, outputs started to be received for product availability and price compatibility via the store robot that is intended to increase operational efficiency. Commercialization efforts are in progress for both projects.

During 2023, the Company received two patents (patent for Fraud Detection at Cash Payment Point Algorithms, and patent for AI-Based Customer Counter Algorithm) and one design registration (Customer Counter). Koçtaş R&D Center also has one patent application (AI-Based



In-Store Robot) in progress. The Company also holds Digital Cancellation Key patent published internationally on 1 June 2023.

In 2023, a total of eight awards were garnered at prize competitions that the Company participated in with projects developed at Koçtaş R&D Center. The Company presented its article "Artificial Intelligence Based Store Management" at NIGHTWATCH RDCONF 2023 conference.

#### OHS Practices

Thanks to the measures adopted as part of OHS initiatives and installation of the digital infrastructure, Koçtaş decreased the lost time injury rate by 22% as compared to 2022. Observing its employees' acts under the Behavior-Oriented OHS Project, the Company conducted observation dialogues upon identification of unsafe acts. Initiated with the motto "Trust Me", the project played an important role in creating safe working spaces by reinforcing the awareness within the Company.

In 2023, heavy-duty equipment in Koçtaş warehouses were renewed and intralogistics initiatives were commenced. Safe operation of heavy-duty equipment was monitored by way of various implementations such as monitoring horizontal and vertical moves using the G sensor and impact-locking the

equipment, operator authorization using the card system, and supervising the operators in orientation period.

#### Sustainability indicators

Having published its initial sustainability report in 2023, the Company keeps actively implementing its principle of sustainably increasing the efficiency of available resources, as well as reviewing and improving its business model in view of evolving customer needs, competitive environment and digital transformation using the "Lean SixSigma" approach.

In 2023, an additional 35 stores of the Company were included in the coverage of ISO 14001 Environmental Management System certification. Koçtaş is also a member of the Green Office program of WWF-Turkey. Koçtaş is the only DIY company that earned the Safe Service Certification given by the Turkish Standards Institution.

#### Forward-looking expectations

Koçtaş aims to build on digital and data analytics capabilities of its human resource, to upgrade system infrastructure, and to introduce projects and practices targeted at achieving excellence in customer experience within the frame of its multi-channel strategy.

## Setur

### Setur is one of the first and pioneering tourism companies in Turkey.

Established in 1965, Setur is engaged in duty-free store management, and the tourism sector, offering domestic and international tour operation, hotel accommodation, air ticket sales, visa services, cruise travel, and congress and event organization services.

#### Duty-free stores

In 2023, Setur:

- realized its first investment abroad, and started handling the duty free operation in the Cologne-Bonn Airport, Germany's fifth largest airport, on 1 June 2023, introducing its service concept focused on customer satisfaction.
- enriched the boutique accessory sections in Kapıkule, İpsala, Hamzabeyli and Sarp stores located in the departures area with new products and brands, and reopened Türkgözü land border store for service following renovation.

#### Tourism agency

In keeping with its strategy to grow in domestic tourism, Setur expanded its agency network by 13%. The Company currently offers service through 3 branches, 52 authorized agencies and 125 system agencies.

In 2023, Setur:

- increased the number of in-scope hotels by 8% in domestic tourism segment and organized approximately 147,000 individual and 245,000 corporate customer stays,



- organized hotel accommodation for approximately 31,700 individual and corporate customers in the international market,
- handled 420,650 ticketing sales within the scope of ticketing operations,
- offered service to 30,000 people in 1,125 organizations via MICE unit.
- started operations in the European market by acquiring the majority of the shares in Select Tours, a Vienna-based company engaged in agency and tour operation business for over 20 years and the sole authorized seller of Club Med in Austria.
- was named the "Customer Brand" for being the brand that best manages customer experience in the "Tour Operators" category at ALFA Awards 2023 based on the survey administered by Akademetre.

#### Sustainability

Delivering its customers unparalleled event experience with its end-to-end event management processes, Setur MICE earned ISO 20121 Event Sustainability Management System Certification. Setur has been the first travel agency awarded with this certification in Turkey.

Furthermore, Setur and Setair obtained "Zero Waste Certification" within the scope of the "Zero Waste" project launched by the Ministry of Environment, Urbanization and Climate Change. Setair has become the first private air carrier company to receive "Zero Waste Certification".

Setur consummated its efforts in relation to Koç Holding's pledge to "terminate the consumption of single-use plastics by end-2023" and put the initiative in practice.

Setur completed its CRM infrastructure to get to know its customers and realize personalized communication according to interest-based segmentation by using data and technology effectively.

#### Forward-looking expectations

Setur targets to expand its tourism and duty free operations with new store openings and hotel contracts in and outside the country, and to further increase its share in online sales volume, total profitability and productivity through digital transformation projects.

With the ChatGPT-based travel assistant, Setur has been the first tourism company in Turkey to integrate artificial intelligence technology in its business field. In the future, the Company aims to monitor the developments in this area closely and to lead the sector in this respect.

Carrying on with its investments to enable companies with broad customer bases to sell tourism products on the back of brand partnerships, Setur thus aims to become able to communicate with a wider customer base.



## SeturMarinas

Setur Marinas is one of the few marina chains in the Mediterranean basin and the leader in Turkey with 20% market share.

Having started operations 45 years ago with the Çeşme Altinyunus Marina, today Setur Marinas is the leader in the marina sector with 20% market share in Turkey.

### One of the few marina chains in the Mediterranean basin

One of the few marina chains in the Mediterranean basin, Setur Marinas pursues operations at 11 locations in total: Kalamış-Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Kaş, Antalya, Finike, and Ören Rib and Refit Park taken over in 2023 in Turkey, and on the Lesbos Island abroad. Setur has a total berth capacity of 5,550 yachts, 5,293 in Turkey and 257 abroad.

In 2023, Setur Marinas was awarded the contract for the Demre Marina with a capacity for 600 yachts and started its investment, whereas commercial center investments initiated in Kuşadası and Ayvalık Marinas are in progress.

Setur Marinas secures significantly enhanced customer loyalty each year through the chain marina campaigns launched in early 2018.



Apart from offering the usual marina services, Setur Marinas' experienced staff assists yachters in many areas such as hotel and airline reservations, excursions, car rentals and insurance. Social areas such as trade centers, supermarkets and restaurants located in the majority of the marinas offer visitors a pleasurable experience.

### Digital transformation

Setur Marinas, which has rapidly adapted to the digital transformation and aims to be a pioneer in its sector in terms of digitalization, is closely followed by other marina businesses with its innovative approach to operational requirements. The Company is constantly breaking ground with the services it offers its customers such as making payments and undertaking contract transactions via mobile applications.

### Social and environmental responsibility

An important mission of Setur Marinas is to promote, popularize and spread seamanship, marine tourism, sailing and other marine sports. To this end, Setur Marinas hosts sailing clubs and a number of yacht races and events, including the Aegean Yacht Rally that covers the mainland and islands of Greece.

Extending support in marine-related social issues, and owning initiatives for protecting the environment and the nature make another major area of responsibility for Setur Marinas.

Setur Marinas ensure harmonious execution of all its activities in line with its environmental policy and environmental strategy plan, and address global environmental issues such as climate crisis, plastic pollution, loss of natural resources and biodiversity within priority environmental risks. The Company carries out its activities making it a principle to make environmentally-sensitive investments based on its business model which integrates environmental sustainability in all activities.

### Forward-looking expectations

In the years ahead, Setur Marinas aims to consolidate its leading position in Turkey by growing its market share and to increase the number of marinas it operates outside of Turkey and become an international brand in sustainable marina operation and digitalization. Along this line, the Company closely follows opportunities both domestically and internationally, and monitors global trends.



## divan

The Divan Group offers a broad spectrum of services ranging from accommodation to food and beverages, catering and production of bakery products.

The Divan Group operates with a total of 11 hotels, 31 restaurants-pubs-cafeterias, 24 patisseries/cafés, four banquet units, 232 bakeries (225 of which are in Opet Ultra Markets), two stadiums, one residence, and a production facility with an enclosed area of 15,000 m<sup>2</sup> located in Taşdelen.

### Developments in 2023

The Divan Group sustained its rapid growth while also diversifying its portfolio with the catering units that came into service in 2023. In this context, Divan Pub Caddebostan, Divan Pub Kanyon, Divan Pub Akaretler, Divan Pub Riva, Divan Kuruçeşme Bistro, Divan Cafeteria Ataköy Medicana, In Bakery by Divan Bodrum Koçtaş, and In Bakery by Divan Çeşme Medicana units were opened.

As part of its portfolio restructuring within the frame of its main strategy, the Divan Group terminated the operations of Divan İstanbul Asia, Divan Diyarbakır, Divan Express Baku and Divan Suites Batumi hotels, which were operated on the basis of management model, in 2023.



The highlights of 2023 with respect to IT and digital transformation included the Energy Monitoring initiative co-conducted with KoçDigital that enables instant monitoring of electricity consumption at all locations; automatic integration of incoming e-invoices and e-payments, and Route Optimization for orders delivered from patisseries to homes.

### Sustainability

The Divan Group's first sustainability report was published in line with the Group's vision and values for creating a sustainable future.

In the reporting period, the Divan Group completed its application for 10 Mwe capacity for the installation of an SPP in line with its target of achieving 20% emissions reduction by 2030 as compared to 2020, and making its entire value chain carbon-neutral by 2050.

Collaboration with Arçelik is ongoing for producing a coffee machine using coffee grounds, which is being developed using the biocomposite technology.

At the sustainable food awards that made its debut, Divan was awarded in the "Collaboration for Sustainable Food" category for its initiatives to digitize waste management. The Company took part in the ECO-Ready EU project with the Bahçeşehir University. It was named the "Happiest Workplace" in the hospitality industry in the "Happy Place To Work" survey, and the "Best Employer" in the Best Employers 2023 program carried out by Kincentric.

### Forward-looking expectations:

In 2024, Divan will address its improvement areas in all departments adhering to the "operational excellence" motto in keeping with its "all-round efficiency" focus. The Company targets to strengthen its leadership position in the sector by carrying on with its quality investments, while maintaining its focus on efficiency.



## KoçZer

### Offering purchasing and supply chain management services combined with strategy, expertise and technology, KoçZer produces end-to-end solutions that enhance the resilience and flexibility of companies.

KoçZer, which used to offer centralized purchasing service in just one category for the Koç Group companies when it was founded back in 2003, today services more than 1,300 customers via its 45,000 registered suppliers in 4 main sectors and 130 different categories.

In 2023, KoçZer broadened its customer group owing to its efforts in and outside of the country, and was able to increase the purchasing volume it handles to the order of USD 1.5 billion, and brought the share of its non-Group customers to 25%.

KoçZer ranks in the top 100 in Fortune 500 rankings listing Turkey's biggest companies.

The Company commands 11% of the advertisers' market in Turkey with its media and advertising buying services.

In line with its global growth targets, the number of the Company's strategic business partners abroad was increased; hence, the Company was present in 13 countries via 18 distributors.

KoçZer received 80 global awards in the past three years for its achievements.

As the 20<sup>th</sup> anniversary of the incorporation of the Company was celebrated in 2023, the new KoçZer logo based on its dialogue with business partners was publicized as part of rebranding. The journey that started as Zer will continue under the brand name KoçZer.

#### KoçZer in 2023

- Having focused on digitalization of purchasing in line with its growth targets, KoçZer increased its investments in its digital platforms and digitalized business processes, and revised its organizational structure to support agile management.
- As part of new digital product developments, ZerGO and ZerCARD were launched.
- ZerGO, a marketplace specifically designed for B2B shopping universe, is targeted at bringing together buyers and sellers to solve workplace needs.
- The new generation rewarding system, ZerCARD, on the other hand, focuses on employee needs and presents a cash-like approach to rewarding systems.

#### Digitalization in purchasing processes

Analyzing sector and supplier dynamics and offering specific expertise to sectors through all phases of purchasing and supply chain processes, KoçZer helps its business partners be farsighted and prepared even amid volatile market conditions, and devises traceable and transparent processes by way of its digital investments.

Offering digital services through ZerLog in logistics and ZerVis for personnel commuting as well as its online tender solution Promena and corporate order placement channel ZerOnline that make up its main digital platforms, KoçZer is characterized as a company that takes the pulse of the business world by combining its focus on digital transformation with its multi-sector expertise.

#### Ingage is 5 years old

Resulting from the 2018 incorporation of digital marketing operations carried out by KoçZer as a company and a partnership of Koç & WPP, Ingage is the largest business partner in Turkey of the world's most prestigious four major digital marketing media: Amazon, Google, Meta and TikTok. 38% of Ingage's business volume comprises of services rendered to non-Koç Group.

#### Forward-looking expectations

The Company aims to broaden its ecosystem by creating collaboration opportunities with domestic and international companies, besides the Koç Group.

Furthermore, it is aimed to continue investing in digital purchasing platforms in order to offer better service to its business partners, and to turn KoçZer into a purchasing 4.0 company and to constitute 40% of the turnover of technology solutions.

With the goal of integrating new technology in existing platforms, it is planned to develop AI-based solutions that will facilitate locating alternative suppliers and optimize tender processes on Promena, and AI-based algorithms suggesting similar ones to the products searched on online order placement platforms.





## KoçSistem retains its title as “Turkey’s Most Valuable IT Brand” with its experience and innovative solutions.

The leading technology company that focuses on the customer, sector and business needs, and offers integrated solutions and services on a global scale, KoçSistem contributes to digital transformation of Turkey with its nearly 80 years of business experience, more than 80 national and international strategic business partnerships, its wholly-owned subsidiaries KoçDigital and Koç Bilgi ve Savunma companies.

Holding the titles of “Turkey’s Most Valuable IT Brand” and “System Integrator Market Leader”, KoçSistem offers new generation technologies in various areas including cloud, security, business solutions, artificial intelligence, generative AI, advanced analytics and Internet of Things (IoT) to its customers in Turkey and in the global arena. Furnishing cyber security service 24/7 to numerous national and international organizations with Turkey’s first “Security Operations Center”, KoçSistem makes a differentiation in cloud services with its



three data centers in İstanbul and Ankara. Possessing the largest institutional cloud infrastructure of Turkey, KoçSistem is the leader in IT managed services market with Turkey’s broadest service portfolio. KoçSistem digitizes the total value chain of organizations with its innovative portfolio in more than 30 countries from Saudi Arabia to China, Qatar to Azerbaijan, and Malaysia to United Arab Emirates.

### Developments in 2023

Serving to more than 1,300 companies operating in diverse sectors from retail to manufacturing, and finance to energy, the Company booked an inflation-adjusted consolidated revenue in excess of TL 12.8 billion in 2023. KoçSistem acquired more than 180 new customers in 2023, including such names as Tchibo Kahve, PwC Türkiye, Beymen and Getir Araç.

KoçDigital creates value for institutions through its solutions such as “Platform360”, the largest industrial IoT platform of Turkey,

“Production Management System”, “Energy Monitoring”, “Supply Chain” and “Generative AI”. Retaining its title as the leading artificial intelligence company in Turkey, KoçDigital pursues its advanced analytics works with the target of sustainable artificial intelligence in various areas ranging from supply chain to human resources analytics. Established with the vision to train qualified human resources in analytics, the KoçDigital Academy organized training programs addressing business professionals at any level and reached more than 1,400 participants.

Developing electronic systems for marine platforms with a particular focus on underwater acoustic solutions, Koç Bilgi ve Savunma company produces solutions for private sector organizations that use the marine ecosystem. The Company pursues operations in energy, agriculture and tourism sectors as well as in the defense industry.







### Future-healing technologies from “Green Intelligence”

KoçSistem brought all its sustainability initiatives together under a single roof, including those by its subsidiaries KoçDigital and Koç Bilgi ve Savunma companies. Given the fact that technology and sustainability must co-operate for the future, the Company devised the “Green Intelligence” sustainability program. Having espoused the Koç Group’s Lead. Together approach as its main goal, KoçSistem gathered its sustainability initiatives on [yesilzeka.world](http://yesilzeka.world) website. KoçSistem is focused on the contribution of all digital

solutions and especially the Internet of Things (IoT), artificial intelligence and advanced analytics, cyber security and cloud technologies. Thus, the Company creates value in the sustainability journeys of organizations it collaborates with.

With its business partners AÇEV and YKY, KoçSistem continues to educate parents on the proper use of technology and raise awareness of the subject within the scope of the social responsibility project, the “Family Hour”, which it started for the healthy use of technology.

### Forward-looking expectations

KoçSistem intends to remain committed to developing domestic technology with the first software R&D Center in our country, the “KoçSistem R&D and Innovation Center” and the “KoçDigital R&D Center”. KoçSistem will keep contributing to our country’s technology initiative by leading successful digital transformation projects for organizations, by expanding its overseas operations and by providing opportunities for high added-value exportation.



Bringing its experience in payment systems to the online payment domain, Token offers end-to-end solutions to its customers.

Token Financial Technologies provides new generation payment solutions to businesses with its internally developed technologies ranging from physical payment devices to online payments. Pursuing activities with the aim of democratization of businesses' payment systems and supporting their digital transformation, Token targets to facilitate the SMEs' access to financial services and help them strengthen.

Seeking to broaden its existing customer network and to reduce the number of intermediaries with the ultimate goal of directly reaching the end users, Token intends to give businesses reach to lower commission rates, enable production of products at lower-cost on the back of micro loans to be offered, and support their sustainability. Under the existing conditions of harder access to borrowing and higher commission rates, the Company develops the solutions that will enable operation at lower-cost for increased profitability of businesses.



#### Digital Meal Card: TokenFlex

A digital meal card with its initial steps going back to 2022 and running on closed circuit wallet infrastructure, TokenFlex completed its roll-out across the Koç Group companies in 2023. By the end of 2023, TokenFlex reached more than 50,000 users and over 25,000 member merchants. Through increased penetration in supermarkets and restaurants in Turkey, service started to be furnished to non-Group companies as well.

TokenFlex designed a business model that facilitates member merchants' reach to high quality products at optimum cost with the B2B e-trade platform it has developed for restaurants.

Acting with the vision of becoming the "sole solution partner" in relation to fringe benefits institutionalized companies offer to their employees, TokenFlex carries on with its efforts to develop and spread the "Gift Card" product.

#### Online Payment Solution: Ödero

Operations started officially under the brandname Ödero based on the Payment Services and E-Money license received in August 2022 from the CBRT, and various solutions are offered such as Virtual POS, card data storage, payment by link, marketplace, shopping loan, dealer collection solution, supplier payments and the like.

Innovative solutions are being offered for payment and collection operations in the consumer durables, automotive, tourism, retailing and energy industries in which the Koç Group is active.

2024 plans include the launch campaign for the Ödero brand and to focus on the non-Koç Group circle. Priority will be given to delivering end-to-end payment experience in B2B collections, followed by the introduction of E-wallet and new products in an effort to strengthen Token's image as a pioneering company offering innovative solutions in payment systems both for institutional and individual users.



### The New Generation Gas Station OPT: Beko 1000 TR

In 2023, Token continued with the sales of Beko 1000 TR OPT that it has developed for gas stations. As of year-end 2023, it single-handedly realized the sales of a great majority of 60,000 gas station cash registers that needed to be replaced by 31 January 2024 as per the Tax Procedural Law communiqué no. 527, and retained its leadership in the market.

At gas stations, payments can be collected outdoors using the payment terminal on Beko 1000 TR or inside the supermarket using Beko 400 TR. This format not only grows Token's banking revenues but also makes things easier for users, and generates new business opportunities for station owners and fuel distribution companies. Outdoor payment capability enables self-serve sales, and allows centralized management of all payment transactions at the stations. Upon completion of the installation of all devices, it is planned to increase the bank applications enabled on the device and to offer numerous value-added services to the gas stations.

As per the Communiqué on the National Vehicle Recognition Implementation, safe vehicle recognition RFID labels to be provided by the State Mint will be placed on nearly 8 million commercial vehicles, and the data on these labels will be automatically transferred to the OPT. Token is getting its infrastructure ready with the aim of creating new business models focused on nationwide vehicle recognition and fuel oil sector by making its Beko 1000 TR device compatible with this system.

Anticipating that gas stations will soon be transformed into servicing stations that offer various services together such as supermarket sales, self-serve product sales, vehicle cleaning, EV charging stations and so on, Token targets to provide stations with solutions that will provide end-to-end payment and financial system integration.

### New Generation Android Product Array

Token will carry on with the Android transformation it has initiated with Beko 400 TR and Beko 1000 TR OPT with new products to be introduced in 2024.

The new platforms to be introduced are intended to offer numerous value-added services to businesses and to facilitate their integration. These products are also deemed to be charged with pioneering the sector and promote Token and New Generation Cash Registers to a stronger position before the Revenue Administration and taxpayers.

The Android product platform will contribute significantly to Token's business model since e-document applications will acquire the ability to run on New Generation Cash Registers and since it will allow addition of different payment methods.

While developing its products and services with Turkey's most successful technical teams and agile teams possessing the competencies to realize the necessary digital transformation within the scope of its global growth strategies, Token is planning to create new fields for its sales and marketing teams on the back of its data-driven business models.

### International Activities

Efforts for obtaining e-money and electronic payment licenses for expanding Token's payment products and services across European countries are ongoing out of Romania. In the same context, new products and services are being developed to help the Romanian government reduce tax losses and evasions.

In Azerbaijan, one of the country's strongest payment service providers has been incorporated, which is integrated with eight banks in the country and possesses its own PCI-DSS certificate and secure infrastructure. Based on the payment regulation approved in August, the target is to become the country's most reliable payment service provider

that enables member merchants to collect their online payments securely and uninterruptedly with the e-money license to be obtained in 2024. It is intended to furnish service to key accounts carrying out online sales in the market as a matter of priority, and to reach the target through making different payment options available in the period ahead.

### Forward-looking expectations

Token keeps under close watch the opportunities in relation to the regulations enforced in our country in parallel with the extremely fast-changing Fintech universe and takes proactive actions.

The work is underway for Fito, the new mobile application that will give access to member merchants using more than 850,000 Beko branded cash registers that are still actively operating in the field. It is targeted to erect a data-driven value-added business model with Fito to form new revenue models in the areas of banking, marketing, sales, service and instant loans.

Within the scope of the Revenue Administration's communiqué intended to be enforced in the period ahead, a bank application is planned to be installed on all products, which cannot collect payment from credit cards due to not having a bank application installed thereon, so as to make the same capable of collecting payment from credit cards.

Work targeted at currently unbanked population is ongoing, which will enable small tradesmen to collect payments instantly and without incurring any commissions using the wallet and QR payment infrastructures developed under the Ödero brand name.

In a bid to let Ödero wallet run in different markets besides Turkey, the Company intends to tap possible collaboration opportunities with global business partners in the coming period.



## WAT is Turkey's leading manufacturer and exporter of electric motors.

Turkey's top exporter of electric motors, WAT started operations in 1965 with the manufacturing of industrial electric motors. In keeping with the transformation vision introduced in 2018, the Company expanded its operations to cover motion control systems, renewable energy components, electrification elements and electric vehicle charging stations. The Company's products and services are brought to dealers and machinery manufacturer customers in more than 40 countries under the brand names WAT and TEE. WAT develops and delivers to customers products that are compliant with environment-friendly eco-design criteria with the target of achieving energy efficiency and sustainability.

In addition to its R&D center working on electric motors, in 2023 the Company opened its second R&D center focused on power and control electronics and embedded software in İstanbul. Concentrated on competence development and customer-focus, WAT



Motor is the first manufacturing company in Turkey to initiate and sustain agile transformation.

### **WAT is the pioneering and defining company in terms of sustainability in its sector in Turkey.**

WAT has integrated its sustainability approach in its activities, products and services. Products for Fit-for-55\* approach is espoused for the sustainable product strategy, increasing the contribution made to environmentally-sensitive, circular economy. The Company develops highly efficient and durable products.

WAT Motor identified its sustainability focuses, ESG commitments and targets, and released its Sustainability Guidelines. Carbon reduction by 2030 and net-zero by 2050 goals were defined in accordance with the SBTi criteria. WAT is the first company in the Turkish machinery industry to undertake CDP reporting regarding climate change and water security.

### **Forward-looking Expectations**

In line with its energy efficiency and sustainability targets, WAT will carry on with its activities in e-transformation that resulted from the Industry 4.0, communication and cloud computing, and precise motion control applications and EV charging stations.

The Company is planning to add electronic-controlled and ultra-efficient products to its product portfolio in the coming period. While continuing to grow its exports with high energy-efficient competitive products, the Company is targeting to strengthen its domestic market share. Aiming for growth and increased profitability through new business lines and new product arrays, WAT will carry on with its investments in future technologies for their proliferation.

\* Products for Fit-for-55 is the product strategy of WAT, and denotes its alignment with the fit-for-55 package demonstrating EU's commitment to reduce its net greenhouse gas emissions by at least 55% by 2030.





## WAT Mobilite offers electric vehicle charging station solutions.

WAT Mobilite was established in 2022 to engage in EV charging station management operations with the purpose of consolidating the operations in the e-mobility ecosystem and providing superior quality experience to electric vehicle users. WAT Mobilite installs charging stations at homes and in business places at users' request, besides the fast charging service provided on intracity and intercity roads. WAT Mobilite responds to the needs of users from any segment with the life-easing charging service for EV drivers, as well as value-added digital solutions, and the latest-technology, high-quality and reliable charging units that support commercial and passenger electric vehicles it supplies.

With an expanding charging station network, the Company keeps gaining further strength with a share of 43% DC charging units at more than 126 locations in 37 provinces as of end-2023. WAT Mobilite seeks to achieve differentiation in energy management especially with



its software and digital technology infrastructure, and its current and future investments.

### Forward-looking Expectations

Turkey is anticipated to materialize its net-zero target by 2053 within the frame of the Paris Agreement. Road vehicles that are responsible for nearly 20% of global GHG emissions are expected to be replaced with electric vehicles as per carbon neutrality targets. The International Energy Agency (IEA)'s Sustainable Development Scenario (SDS) envisages that one out of every two vehicles sold during the year will be an EV by 2030.

In pursuit of the carbon-neutrality target, WAT Mobilite is making significant investments for increasing the coverage of EV charging stations across Turkey with the aim of delivering superior quality experience to electric vehicle drivers and to accelerate integration of the e-mobility ecosystem to our era. WAT Mobilite grows constantly in order to fulfill the increasing demand with charging stations for electric

vehicles of cutting-edge technology, which have less carbon footprint as compared to vehicles with conventional internal combustion engines. Through the charging stations that make the key to the green future, the Company broadens its network in everyday life through end-to-end solutions it offers for fleets, homes, and all stakeholders involved in electrification.

In 2024, WAT Mobilite targets to create value in the sector with its approximately 900 devices and carries on with its investments to this end. Bringing the charging infrastructure up to the minimum level in provinces and districts is of the utmost importance to secure the fast expansion targeted for electric vehicles in our country. Besides establishing its own charging stations, WAT Mobilite also undertakes platform sales by granting certificates via its dealers, and keeps working to speed up the electric vehicle transformation in Turkey.

Website





## Koç Medical targets to enhance people's quality of life and wellbeing thanks to pioneering healthcare technologies.

A Netherlands-based healthcare technology company affiliated to the Koç Group, Koç Medical BV was established to offer innovative solutions for healthcare needs, make healthcare accessible to everyone, and become a regional healthcare technology power. The Company carries out its activities in two different product groups: disposable medical consumables and medical devices. Koç Medical focuses on the design and manufacturing of medical devices and medical consumables in the conventional products group.

In Turkey, there are two companies affiliated to Koç Medical: Koç Yaşa Çok Yaşa Medikal A.Ş. which is incorporated in 2022, and Bıçakçılar Global Tibbi Ürünler Sanayi ve Ticaret A.Ş., a company that has been engaged in medical devices for more than 60 years which was wholly acquired in July 2023. With these two companies, it is intended to increase the diversity of the healthcare technology product range and to expand export markets to significantly contribute to growth on global scale. This way, major support will be extended to our country's



export/import ratio in the area of medical supplies. The two companies were merged on 30 December 2023.

Committed to fair labor practices, improving working standards, women's employment and inclusiveness, the Company does not discriminate on the basis of woman, man, faith, language, race, ethnicity, age, disability, immigration, etc. 70% of its employees comprised of women, Koç Medical's long-term target is to create a broad ecosystem both in Turkey and abroad in healthcare technology. The Company aims to be present in selected areas associated with medical devices in line with its goal of being a pioneer in the sector with its fast-moving, dynamic and agile character.

### **Inorganic growth drive visionary and strategic investments.**

The story of Koç Medical started with the manufacturing of 5,000 ventilators in June 2021 in cooperation with the Ministry of Health as a solution for the shortage of ventilators experienced in the worst times of the pandemic, and continued with the incorporation of Koç Medical

B.V. based in the Netherlands by year-end 2021 by Koç Holding, followed by the establishment of Koç Yaşa Çok Yaşa Medikal A.Ş. in Turkey.

In line with its inorganic growth strategy, Koç Medical acquired Bıçakçılar Global Tibbi Ürünler Sanayi ve Ticaret A.Ş. company in July 2023. The market leader in Turkey in catheters, tubing sets and IV cannulas in the medical consumables segment, Bıçakçılar sells disposables for cardiovascular surgery, as well as medical devices and operating room and intensive care unit disposables to over 1,500 hospitals through its more than 150 dealers in Turkey and to over 100 countries around the globe. Neurosurgery is a focus area for the Company, which acts as the distributor of the equipment used in surgical operations in this discipline.

With more than 900 employees and over 2,000 types of products, Bıçakçılar carries out manufacturing in Europe's second-highest capacity catheter plant (total area of 25,000 sqm) located in Esenyurt, İstanbul. Functioning as the distributor of global companies by virtue of its extensive



sales network, the Company also undertakes special label manufacturing for leading companies. With this step it has taken for inorganic growth, Koç Medical is anticipated to acquire a highly important sales force in the Turkish and overseas markets, along with improved manufacturing, and increased capacity and revenues.

Besides the Bıçakçılar acquisition that was the most important initiative in 2023, the Company obtained the R&D Center license in the reporting period that allowed a solid penetration in new clinical areas with value-added products, drawing on its ventilator manufacturing and development capability acquired during the pandemic.

### Manufacturing and Sales

The Company manufactured nearly 220 million products, which was its 2023 production target. Furthermore, capacity increase and efficiency improvement projects were devised for the coming period and necessary investment planning was made, paying regard to domestic and overseas expansion plans as well.

Machinery investments in various manufacturing groups and mold revisions provided 7% improvement in the manufacturing capacities of products such as catheters and IV cannulas from amongst the best-selling product groups.

Disposable products in the portfolio reached a sales volume of approximately 250 million units. Accounting for 54% of total sales, domestic sales consisted of the infusion group by 41% and catheter group by 21%. In exports, on the other hand, which made up 46% of 2023 sales, catheter sales lead with 52% share, followed by infusions with 13% and urimeter groups with 10%. In terms of geographical distribution, top export destination was Europe that received 35% of export sales.

With respect to high-flow oxygen therapy (HFOT) devices in the product portfolio, 105 devices were installed as a result of the tenders that the Company



participated in via 10 dealers in Turkey and TRNC. On the overseas front, equipment and consumables sales were made to Kuwait, Oman, Qatar and Kazakhstan in the Middle East and Central Asia. 22,000 pharmacies were reached in May for the sales of rapid test kits for personal use, and exports were made to Azerbaijan and United Arab Emirates, for a total sales figure of more than 13,000 kits. Following the completion of the record entry procedure with the State Supply Office (in Turkish: DMO) for the vaccine refrigerator that takes place in the portfolio, 34 devices were sold within the country.

Looking at the servicing demands for manufacturing and sales, there has been 20% increase as compared to 2022, and a total of 2,500 servicing demands including regional ones were successfully handled.

### Forward-looking expectations

The companies, which merged on 31 December 2023, target to expand the value-added product portfolio throughout 2024. While growth strategy is pursued for the European market, organic growth is targeted in the domestic markets

through innovative products and solutions that will cater to the needs in the market in a sustainable and affordable fashion.

The plans for improving sales and sales operations include expansion of the domestic dealer network and creation of new sales channels in the Middle East and Latin America regions in 2024. Furthermore, additional sales are intended to be achieved by way of growing the quantity of products supplied to the market on the back of capacity increases to be realized in catheter, cardiovascular surgery and urimeter groups.

Besides its manufacturing capabilities, the Company will undertake distributorship of global companies in Turkey and nearby geographies, and thus represent the Koç Group and our country powerfully in the healthcare industry. Koç Medical targets to collaborate with R&D companies and startups in Turkey, as well as global manufacturers, and thus, to contribute value to the ecosystem and introduce a new vision to the sector through its competencies.



## RMK Marine keeps breaking new ground.

Focusing on commercial and naval vessel and super/mega yacht building projects, RMK Marine is one of the leading shipyards in the sector with its constantly upgraded infrastructure and capabilities.

### Developments in 2023

2023 highlights for RMK Marine are presented below:

- The first steel cutting took place for the 65-meter polar-class superyacht, marking the start of the project's building phase.
- The 37-meter expedition-type yacht was put to sea.
- The 135-meter LNG carrier tanker was put to sea.
- The first steel cutting took place for the 136-meter "Sail Powered Ro-ro Carrier", marking the start of the project's building phase.



### Naval Vessels

The Ukrainian Naval Forces' corvette is slated for delivery at the end of 2024 following the completion of its testing and trial.

### Forward-looking expectations

Given the ongoing yacht and ship building projects, RMK Marine will spend 2024 and 2025 with scheduled building operations and deliveries. The Company

will keep responding to project demands for innovative and eco-friendly designs that emerged from the awareness and interest it has secured in the market. RMK Marine continues to get project orders for building environment-friendly commercial vessel and superyachts with low operating costs, fitted with cutting edge technological systems and entailing high level of integration and automation.







## Ram contributes to exports and the economy with the added-value it creates and its specialized team.

Ram Dış Ticaret boosts its efficiency in foreign trade implementations with the digital transformation and paperless office projects that are being carried out, while developing new business models in new markets on the back of its agile organization.

Bringing medical products, devices and consumables together, the Company improved its exports and created new sustainable business models.

### Digital transformation

Projects that were initiated for improved performance, speed and productivity were carried on, and efforts for compliance with the Information Security Management System standards continued.

Throughout the year, user-based training and informative contents about data security and awareness were shared with users and digital innovations that will increase employee satisfaction were developed.



### Iron and steel products

Continuing to supply flat steel products for the Koç Group and supply industry companies, Ram delivered 274,000 tonnes of flat sheet in 2023. The Company improved its cutting, slitting, and dimensioning services in flat sheet supply, and became a solution partner in fulfilling the needs of the automotive supply industry by adding aluminum and metal sheet procurement to its product and service portfolio.

### Reliable supplier of humanitarian aid services

The global supplier to the United Nations and other international relief organizations, Ram Dış Ticaret delivers exports aid kits to fulfill the humanitarian aid needs of refugees and people in need all over the world, primarily in Turkey, Afghanistan, Ukraine, Sudan, Syria and Ethiopia. In this framework, the two new contracts were signed with the UNICEF central office in Denmark in 2023 for supplying hygiene kits and school kits.

### An international gateway for SMEs

Founded with the mission of increasing and improving exports by SME-scale producers besides the Koç Group companies, Ram keeps providing financial and governance support to the SMEs in this context. The Company extends

support in market development, exports and e-exports to companies engaged in medical equipment and high technology manufacturing with which it has agreements.

### Sustainability

Ram exercises the utmost care in each stage of its business processes in line with the 2050 carbon neutrality targets and the Koç Group's sustainability principles. In its contracts with suppliers, the company opts for eco-friendly, biodegradable and reusable products and thus, encourages development of sustainable products.

### Forward-looking expectations

Ram will develop joint projects with development banks and agencies providing funding globally, and will focus on delivering high value-added products, systems and services in healthcare, automotive and high technology for developing countries, as well as on upgrading the solutions offered in these areas and marketing.

The Company is in the process of readying its infrastructure to undertake responsibility for the overseas investments of companies, in whose supply chains it already belongs.



## Corporate Brand Projects and Sponsorships

### İstanbul Biennial

The largest contemporary art platform in Turkey and one of the most important contemporary art events in the world, the İstanbul Biennial has been supported with the aim of creating awareness about contemporary art, and introducing contemporary art to those who may not yet have been exposed to it since 2007. The decision was taken that the sponsorship, which was first signed in 2007, would continue until 2036.

The İstanbul Biennial has hosted hundreds of thousands of visitors over many years by opening its doors free of charge to all visitors with the support of Koç Holding. As part of the biennial event, guided tours and children's workshops were held, reaching thousands of people.

The İstanbul Biennial, which has reached a dimension where it has been one of Turkey's art fixtures attracting significant interest from the foreign press and international art circles, gaining recognition in the world. It serves to provide a significant contribution to the perception and brand value of both our country and İstanbul abroad.

In 2017, the decision was taken to bestow a permanent piece to İstanbul in every biennial year. After Ugo Rondinone's neon sculpture entitled "Where Do We Go from Here?", Monster Chetwynd's outdoor installation "Gorgon's Head Playground" was installed in the Maçka Art Park in 2019. In 2022, Ayşe Erkmen's sculpture that the artist created based on the mysterious and dynamic form



*The permanent artworks gifted to Istanbulites by Koç Holding as part of the İstanbul Biennial*

of The Golden Horn, the primary inlet of the Bosphorus in İstanbul, "Golden Horn in Golden Horn" was erected in Akşemsettin Park between Balat Hospital

and the ferry dock. With new works to be added in the coming years, it is intended to make İstanbul a rich, contemporary art exhibitions location.

## Vehbi Koç Foundation

Vehbi Koç Foundation, the first large-scale privately-funded charitable NGO chartered by the Republic of Turkey, was established on 17 January 1969 by Vehbi Koç.

Highlights of Vehbi Koç Foundation's 2023 operations are presented below.

Following the Kahramanmaraş Earthquake that took place on 6 February 2023, Vehbi Koç Foundation concentrated its efforts in this area. The Foundation did, and continues to, carry out a number of initiatives to support the wellbeing of children and youngsters living in the Hope Cities that were built by Koç Holding in five different cities in the earthquake-hit region.



### EDUCATION

#### Scholarship Programs

Since its inception in 1969, Vehbi Koç Foundation has provided scholarships in line with its mission to promote equality in educational opportunity. During the 2022-2023 academic year, scholarship support was provided to a total of 5,897 successful and underprivileged students, including vocational training, undergraduate and research assistant scholarships.

<http://www.vkv.org.tr/>

#### The Koç School – High graduates received acceptance from approximately 250 universities in 14 countries.

Admitted to prestigious schools all over the world and making our institution proud by earning scholarships in high amounts, the Koç School 2023 graduates received 995 acceptances in total from nearly 250 universities in 14 countries. 60 of the graduates that took the Higher Education Institutions Exam (YKS) were placed in the top 10,000.

<https://www.koc.k12.tr/>

## Vehbi Koç Foundation

### **Prof. Ayşe Zarakol is awarded the Koç University Rahmi M. Koç Medal of Science**

Created to positively move science forward and recognizing successful scholars of Turkish origin for outstanding contributions to their discipline, the Koç University Rahmi M. Koç Medal of Science was awarded to Prof. Ayşe Zarakol who has been a professor of International Relations at the University of Cambridge, which she joined in 2013, and also has an appointment as a Politics Fellow at Emmanuel College.



### **70 Students in Top 100 chose Koç University**

In student placements following 2023 High Education Institutions Exam (YKS), 70 students in top 100, 194 in top 500, 252 in top 1,000, 400 in top 5,000 and 483 in top 10,000 enrolled in Koç University. Number and percentage of students in top 100, top 500 and top 1,000 enrolled in Koç University are the highest figures to date.



### **The only university ranked in top 500: Koç University**

According to Horizon Europe 2021-23 call results, Koç University continues to retain its number one position among the most successful universities in Turkey. Koç University climbed from 477<sup>th</sup> place to 431<sup>st</sup> place in the QS World University Rankings 2023 and has been the only university from Turkey to be placed in the top 500 twice successively in the last two years. The top place secured in 2022 in the URAP-Turkey Ranking was preserved in 2023. In the THE World Rankings, Koç University rose from the 401-500 range to the 351-400 range. <https://www.ku.edu.tr/>

### **HEALTH**

#### **The biggest and most comprehensive private animal hospital of Turkey is now open.**

VetAmerican Animal Hospital started rendering service in June 2023.

#### **İzmir American Hospital**

The preparatory work for the construction of İzmir American Hospital was brought to completion in 2023; the investment process will be ongoing on an area of 30,000 sqm throughout 2024. The facility is slated for opening under American Hospital brand name to offer qualified and high-quality healthcare service to İzmir and neighboring cities with a broad service scope in 2025.

## CULTURE & ART

### Vehbi Koç Award goes to Genco Erkal and the Dostlar Theater

Chosen by Vehbi Koç Foundation Board of Directors from amongst the nominees named by the Selection Committee chaired by Prof. Filiz Ali and composed of Prof. Dikmen Gürün, Ersen Gürsel, Prof. Ahu Antmen and Alin Taşçıyan, Genco Erkal and the Dostlar Theater have been the recipient of the 22<sup>nd</sup> Vehbi Koç Award. Genco Erkal was presented the award by Koç Holding Board of Directors Chair Ömer M. Koç in a ceremony held at the Divan Hotel in Kuruçeşme on 4 May 2023.

### 2023 has been a packed year at Sadberk Hanım Museum.

On the occasion of the centennial of the Turkish Republic, the exhibition titled “Elegance from Past to Future: Women’s Costume from the Late Ottoman Empire to the Early Republican Era” held at Abdülmecid Efendi Mansion on behalf of Koç Holding inaugurated on 27 October 2023 with a special reception. Open for public visitation from 29 October 2023 until 19 May 2024, the exhibition tells the story of how Ottoman women’s clothing in the 19<sup>th</sup> century transformed from traditional to Western style in the early 20<sup>th</sup> century and how the new fashion that started from the palace in Istanbul quickly spread to the major cities with the proclamation of the Republic.

Probing into being a child in the Ottoman Empire era through children’s garments and accessories in the Sadberk Hanım Museum Collection, the exhibition “Adorable & Precocious” opened with a reception held on 23 November



2023. The main group of the exhibition comprises of various baby and children garments dated back to the late 19<sup>th</sup> to early 20<sup>th</sup> centuries.

The closing date of “Cherished İstanbul” exhibition at Galata Greek School opened for visitors with a reception held on 23 May 2023 was postponed from 12 November 2023 to 3 December 2023. Curated by Dr. Fani-Maria Tsigakou and Hülya Bilgi, the exhibition presents a selection of the 18<sup>th</sup> and 19<sup>th</sup> century paintings by European artists depicting İstanbul and ecclesiastical objects produced at workshops in İstanbul over the same period from the collections of the Athanasios & Marina Martinos Foundation (AMMF) and Vehbi Koç Foundation’s Sadberk Hanım Museum (SHM).

2023-2024 activities started for Sadberk Hanım Museum’s “Welcome to the Museum! Discover, Learn, Enjoy” educational program for primary and secondary school students. During the program, museum instructors give the children an overview of culture, cultural heritage, conservation, the role of museums and the social sciences. Afterwards they tour the museum and through archaeological objects and works of art in the collection, they learn about important periods, events and peoples in the cultural history of the Anatolian region over thousands of years. [www.sadberkhanimmuzesi.org.tr](http://www.sadberkhanimmuzesi.org.tr)

## Vehbi Koç Foundation

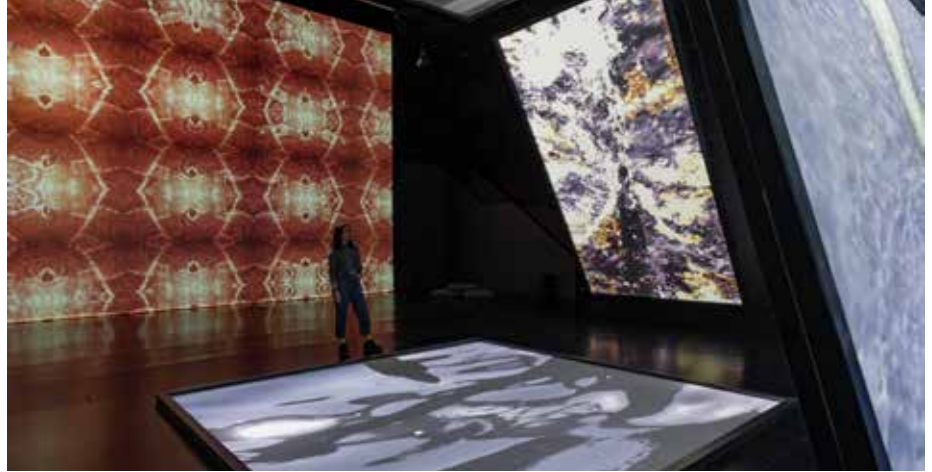
### Arter mounted six exhibitions in 2023.

Arter continues to be an accessible, sustainable, vibrant culture and life platform embracing everyone with a versatile program covering every artistic discipline. Continuing to give broad audiences access to current art at its home in İstanbul's Dolapdere district, Arter mounted six new exhibitions consisting of works selected both from its own collections and on loan.

Exhibitions held/initiated at Arter in 2023 were “Cengiz Çekil: I Am Still Alive” and “Eva Kořátková: I Sometimes Imagine I’m a Fish with Legs” curated by Eda Berkman, “Elina Brotherus: Large de Vue” and “Sarkis: ENDLESS” curated by Emre Baykal, “In Its Own Shadow” curated by Emre Baykal and Gizem Uslu Tümer, and “Nuri Kuzucan: Passage” curated by Nilüfer Şaşmaz.

Arter also hosted more than 30 events including many concerts, film screenings and festivals.

[www.arter.org.tr](http://www.arter.org.tr)



### Istanbul as Far as the Eye Can See at Meşher

Meşher continues to showcase the exhibition “Istanbul as Far as the Eye Can See: Views across Five Centuries” opened on 20 September 2023. Curated by Şeyda Çetin and Ebru Esra Satıcı, the exhibition’s advisor is Bahattin Öztuncay. Based on a selection of rare works from the Ömer Koç Collection, the exhibition spans 500 years, from the 15<sup>th</sup> century – when İstanbul became Ottoman Empire’s capital – to the first quarter of the 20<sup>th</sup> century. Paintings and engravings showing wide-angle views, together with rare books, albums, panoramic photographs, and even souvenirs of

Istanbul, offer visitors a richly varied visual record of the city.

[www.mesher.org](http://www.mesher.org)



## CIVIL SOCIETY

### Relief Efforts for the Earthquake Region: Hope Cities

Following the Kahramanmaraş Earthquake that took place on 6 February 2023, Vehbi Koç Foundation concentrated its efforts in this area. The Foundation did and continues to carry out a number of initiatives to support the physical, mental, emotional and social development of children and youngsters living in the Hope Cities that were built by Koç Holding in five different cities in the earthquake-hit region. In this context, more than 2,000 stationery sets, and nearly 5,000 book sets consisting of school books and reading books were distributed for children residing in Hope Cities. Vehbi Koç Foundation also donated sports shoes to sports schools the Koç Group Sports Club opened in various disciplines in container cities.

Scholarships were granted to over 250 youngsters residing in Hope Cities, free-of-charge attendance was arranged for more than 350 students at leading local private courses preparing students for admission exams. These youngsters are closely followed up with respect to their development. Education Units of Education Volunteers Foundation of Türkiye were built, which were sponsored by Vehbi Koç Foundation, in Hatay, Kahramanmaraş and Adıyaman Hope Cities. "Gelecek Hayalim Youth Centers" were set up in Kahramanmaraş and Adıyaman container cities by Innovative Solutions for Sustainable Development



Association in collaboration with Ford Otosan to provide the youth with the programs and services they need to realize themselves.

"Community Health Volunteers Project" was put into life as a collaborative initiative of Koç University Department of Public Health, School of Nursing, and Trauma and Stress Research Lab. Vehbi Koç Foundation Coordination Centers set up in Adıyaman, Kahramanmaraş and Hatay Hope Cities host projects for public benefit implemented by the Foundation and Group companies in container cities. In the coming period, the Foundation will carry on with its activities in line with identified needs.

In addition, the Foundation offers upskilling and awareness training and psychosocial support services to teachers, parents and civil society specialists at the schools in Hope Cities with the aim of supporting the adults touching the lives of children.

Many of them funded by the resources accumulated in the Vehbi Koç Foundation Disaster Fund created with contributions from the Koç Group employees, dealers and companies, the initiatives will continue to be carried out to support the wellness of children in the 0-18 age group at Hope Cities.

## CORPORATE GOVERNANCE

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## Legal Disclosures

When they appear in this annual report, “the Company” and “Koç Holding” mean the legal entity Koç Holding A.Ş., whereas “the Koç Group” and “the Group” refer to Koç Holding together with the consolidated companies.

### Shareholder Structure and Voting Rights

Our Company’s shares are divided into two groups, A and B. Each Group A registered share holds two voting rights at our General Assembly. However, for decisions concerning the amendment to the Articles of Association, acquittal or filing a liability lawsuit, all shares hold one right to vote.

Our shareholders’ voting rights, taking into account the privileged shares, are presented below:

Shareholder	Group	Amount (TL)	Share Stake (%)	Voting Right	Voting Right Stake (%)
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. <sup>1</sup>	A	678,773,422	26.77	135,754,684,460	42.23
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. <sup>1</sup>	B	430,566,455	16.98	43,056,645,478	13.39
Koç Family <sup>2</sup>	B	472,895,145	18.65	47,289,514,515	14.71
Vehbi Koç Vakfı	B	184,171,754	7.26	18,417,175,384	5.73
Koç Holding Emekli ve Yardım Sandığı Vakfı	B	59,553,491	2.35	5,955,349,123	1.85
Rahmi M. Koç ve Mahdumları Maden İnşaat Turizm Ulaştırma Yatırım ve Ticaret A.Ş.	B	35,385,424	1.40	3,538,542,410	1.10
Publicly held <sup>3</sup>	B	674,552,359	26.59	67,455,235,860	20.99
<b>Total</b>		<b>2,535,898,050</b>	<b>100.00</b>	<b>321,467,147,230</b>	<b>100.00</b>

(1) Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. is a wholly-owned subsidiary of Temel Ticaret A.Ş. Majority of Temel Ticaret ve Yatırım A.Ş. shares belong to Koç Family members.

(2) Koç Family Members: Rahmi M. Koç, Semahat S. Arsel, deceased Suna Kıracı, M. Ömer Koç, Ali Y. Koç, İpek Kıracı, Caroline N. Koç, Esra Çiğdem Koç and Aylin Elif Koç.

(3) The publicly held portion includes shares bought back by Koç Holding A.Ş, which have a nominal value of TL 890,475 (ratio in capital: 0.04%).

### Information concerning significant changes in Koç Holding A.Ş.’s ownership of non-current financial assets held in 2023

Information on changes in ownership of non-current financial assets that Koç Holding A.Ş holds directly which exceed or fall below the thresholds specified by the Turkish Commercial Code is set out in the table below.

Companies	2023 (%)	2022 (%)	Description
Bilkom Bilişim Hizmetleri A.Ş.	100.00	70.00	Koç Holding’s direct ownership interest rate has changed following the Koç Holding’s purchase of shares belonging to KoçSistem, constituting 30% of Bilkom’s share capital.
Tarabios Sağlık Teknolojileri A.Ş.	37.50	33.33	Koç Holding’s direct ownership interest rate has changed following the capital increase in Tarabios, which was covered by Koç Holding in 2023.
129 East 73rd Street Corp.	100.00	-	Established in 2023.

## Legal Disclosures

Information on transactions that result in indirect shareholding ratios in non-current financial assets indirectly held by Koç Holding to reach or fall below the thresholds set out in the Turkish Commercial Code can be found in the table below.

Companies	2023 (%)	2022 (%)	Description
Bıçakçılar Global Tıbbi Ürünler Sanayi ve Ticaret A.Ş.	100.00	-	Acquired by Koç Medical B.V., which is 100% owned by Koç Holding.
Bıçakçılar Tıbbi Cihazlar Sanayi ve Ticaret A.Ş.	100.00	-	Koç Holding's effective ownership interest rate has changed following the purchase of Bıçakçılar Global Tıbbi Ürünler Sanayi ve Ticaret A.Ş. by Koç Medical B.V., which is 100% owned by Koç Holding.
129 East 73rd Street Corp.	100.00	-	Established in 2023.
Beko Belgium N.V.	46.13	-	Entire shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (The Netherlands) were acquired in 2023. Following the transaction, the titles of the companies were changed as Beko Belgium N.V. and Beko Netherlands B.V.
Beko Netherlands B.V.	46.13	-	Entire shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (The Netherlands) were acquired in 2023. Following the transaction, the titles of the companies were changed as Beko Belgium N.V. and Beko Netherlands B.V.
Beko Europe B.V.	46.13	-	Established in 2023.
Enkar Doğal Enerji Üretim ve Sanayi Ticaret A.Ş.	45.77	-	Acquired in 2023.
Otokar Italia SRL	44.90	-	Otokar acquired all shares of Mauri Bus System S.R.L. on 12 September 2023, which was its dealer until that date. After the acquisition, the Company's name was changed to Otokar Italia S.R.L.
Esinti Enerji Üretim Ticaret ve Sanayi A.Ş.	38.56	-	Acquired in 2023.
Balat Tankercilik A.Ş.	36.90	-	Established in 2023.
Tarabya Tankercilik A.Ş.	36.90	-	Established in 2023.
Florya Tankercilik A.Ş.	36.90	-	Established in 2023.
Demre Marina İşletmeciliği A.Ş.	29.89	-	Established in 2023.
IUGO Teknoloji A.Ş.	19.28	-	Otokoç participated in Iugo Teknoloji in 2023.
Bilkom Bilişim Hizmetleri A.Ş.	100.00	82.34	Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to KoçSistem, constituting 30% of Bilkom's share capital.
Life Tech Trading DMCC	100.00	82.34	Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to KoçSistem, constituting 30% of Bilkom's share capital.
Tarabios Sağlık Teknolojileri A.Ş.	69.90	67.89	Koç Holding's effective ownership interest rate has changed following the capital increase in Tarabios, which was covered by Koç Holding in 2023.
Boyasan Tekstil Sanayi ve Ticaret A.Ş.	31.44	35.29	Koç Holding's effective ownership interest rate has changed following the sale of 6.81% of Yapı Kredi Bank's shares owned by Koç Holding to institutional investors through an accelerated bookbuilding method.
Setur Middle East for Duty Free and Tourism Services LLC.	-	23.34	Liquidated in 2023.
Süloğlu Elektrik Üretimi A.Ş.	-	45.77	Süloğlu Elektrik merged with Entek in November 2023 by the acquisition of all of its assets and liabilities by Entek.
Koç Yaşa Çok Yaşa Medikal A.Ş.	-	100.00	Koç Yaşa Çok Yaşa merged with Bıçakçılar Tıbbi Cihazlar Sanayi ve Ticaret A.Ş. by the acquisition of all of its assets and liabilities by Bıçakçılar Tıbbi Cihazlar in 2023.

**Extraordinary General Assembly Meeting held during the year, if any**

One Extraordinary General Assembly Meeting was held during the reporting period. As a result of the review of structuring alternatives regarding Koç Group companies, it was resolved to transfer Koç Finansal Hizmetler A.Ş. (KFS) shares corresponding to 3.93% of the registered capital of KFS in Aygaz's assets to Koç Holding by means of a partial demerger. At the Extraordinary General Assembly meetings of Koç Holding and Aygaz both convened on 24 August 2023, investors have been informed that following the disclosure of the Announcement Text approved by the Capital Markets Board and the invitation to the extraordinary general assembly meeting, it has been understood that some recent developments may hinder the execution of the transaction in accordance with Articles 19 and 20 of the Corporate Tax Law and as such may lead to additional burden, and the abovementioned partial demerger transaction has been rejected by the shareholders.

**Organizational Changes within the Year**

Koç Holding's organizational structure as at year-end 2023 is presented on page 179 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 22 March states: "In all transactions conducted in 2023 with Koç Holding's controlling shareholders and their associated companies, based on the circumstances and conditions known by us at the moment the transaction was conducted, measures were taken, or avoided; it was determined that appropriate action had been taken in each transaction, and that no measure was taken or avoided that could harm the Company, and accordingly, that no compensatory transactions or measures needed to be taken."

**Lawsuits against the Company and any probable outcomes that could impact the Company's financial situation and operations**

No lawsuits significant enough to have a material impact on its financial situation or operations were filed against the Company, including those related to environmental, social and governance issues.

**Information on administrative or judicial sanctions imposed on the Company and its management due to practices in violation of regulations**

There were no administrative or judicial sanctions imposed on the Company or the members of its management due to regulatory violations.

**Information about regulatory changes that may have a significant impact on Company's operations**

There were no regulatory changes that could have a significant impact on Company's operations.

**Information on conflicts of interest with organizations from whom the Company obtains investment consultancy, rating or similar services and measures taken by the Company to prevent such conflicts of interest**

There were no incidents that may cause any conflicts of interest with organizations from whom the Company obtains investment consultancy, rating or similar services.

**Information about changes to the articles of association during the reporting period**

No changes were made to the articles of association in 2023.

**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 404.7 billion in total equity attributable to the parent company as of 31 December 2023, and with a net financial debt/invested equity multiplier of 0.33, the Company's debt structure is sufficient to carry on its operations in a healthy manner.

# Declaration of Compliance with Principles of Corporate Governance

## Declaration of Compliance with Principles of Corporate Governance

“Corporate Governance Principles” enacted by the Capital Markets Board (CMB) is an area of priority for Koç Group. Our Company fully complies with the compulsory principles within the scope of the Corporate Governance Communiqué n.II-17.1 (the Communiqué) that was in force in 2023, 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: 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. Any changes to the current structure is not foreseen in the near future.
- 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. 4.4.7; 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 2023, 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 2023, 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 2023, studies focused on protection of inside information and prevention of insider trading have been conducted. The Koç Group Policy on the Protection of Inside Information and Prevention of Insider Trading, which, as an integral part of the Koç Group Code of Ethics, sets the principles and rules regarding the obligations of Koç Holding employees and executives, business partners, and all other stakeholders with access to inside information related to Koç Holding in relation to the use and protection of inside information, was adopted by the Board of Directors in January 2024 and publicly disclosed thereafter. The Working Principles of Koç Holding's Board of Directors, which was adopted on 1 March 2021, was reviewed and amended to include the principle for all board members to attend at least half of the board meetings held in a year. Apart from the Working Principles of Koç Holding's Board of Directors, a Board Book was prepared in order to explain the Company practices to the new board members especially. Also in order to provide our investors with further detailed information on board structure, best practices were reviewed and studies were made for providing further detailed information on annual reports accordingly. In addition, the Company's website and annual report were reviewed and revisions required to comply with the principles were made.

We will continue our endeavors to ensure compliance with the Principles in light of the developments in legislation and general market practices. Corporate Governance Compliance Report and Corporate Governance Information Form of Koç Holding prepared in accordance with the CMB decision dated 10.01.2019 n. 2/49 and approved by Koç Holding Board of Directors is available at pages 342-355 of the annual report. These documents are also available at Corporate Governance Section of Koç Holding at Public Disclosure Platform <https://www.kap.org.tr/en/sirket-bilgileri/ozet/1005-koc-holding-a-s>

## Declaration of Compliance with Sustainability Principles

The Koç Group monitors the best practices in terms of sustainability, including CMB's Sustainability Principles and performs its activities with the aim of ensuring compliance to these best practices. Many of the issues stated in the Sustainability Principles enacted by CMB in 2020 overlap with the principles of Koç Holding's sustainability strategy "Lead together". Accordingly, Koç Holding complies with many of the voluntary principles mentioned in Sustainability Principles enacted by CMB with a "comply-or-explain" approach. However, full compliance is not yet achieved for reasons such as the difficulties in implementation of some principles, the uncertainties in this area in both local and global arena, the mismatch between some of the principles and the company structure, the intention to design the compliance structure based on the outcome of ongoing studies, etc. For the principles where the company currently does not fully comply with, it is intended to ensure full compliance after the review of the global best practices and the completion of technical infrastructure and data collection analysis on the Group scale with the purpose of supporting our company's efforts to create value in a sustainable manner.

The Koç Group's efforts on sustainability issues that overlap with CMB's Sustainability Principles are explained in a detailed manner in the Annual Report in mainly the Sustainability section and Human Rights and Compliance Program sections. For the principles where full compliance is not achieved, the explanations are provided below. For such principles, the implications on environmental and social risk management are analyzed within the scope of our sustainability efforts.

- Principles A4.1 and B9: Activities were carried out to have Scope 1 and 2 GHG emissions verified at the Koç Group companies in 2021, and verification was obtained from an independent third party within the frame of ISO 14064-1 GHG Emissions Verification and Reporting Standard. Verification for 2022 data on Koç Holding's consolidated Scope 1 and 2 GHG emissions has been completed in line with AA1000AS and shared in 2022 Sustainability Report that was published in 2023. Koç Holding received assurance for the 2023 Materiality Analysis. Verification is in progress for 2023 data on Koç Holding's consolidated Scope 1, 2 and 3 GHG emissions, waste and water data and will be shared in 2023 Sustainability Report to be published in 2024. It is planned to develop Group-wide consolidated monitoring and reduction strategies in the years ahead. In parallel, science-based target setting is being carried out across the related Koç Group companies.
- Principle B.24: Since regulatory framework governing carbon pricing system has yet to be finalized in our country, the Company is not included in any carbon pricing system. Notwithstanding, internal carbon pricing efforts are being carried out at some Koç Group companies, but they are not spread across the Koç Group yet. For a low carbon transition, different instruments are evaluated to be used at Group-level and those that are appropriate will be implemented in line with the developed strategy.

Sustainability Principles Compliance Report prepared in accordance with the formats defined by the CMB Resolution dated 23 June 2022, numbered 34/977, and approved by the Company's Board of Directors is appended to annual report (pages 356-363), and related documents can also be accessed on our Company's page on the Public Disclosure Platform.

<https://www.kap.org.tr/sirket-bilgileri/ozet/1005-koc-holding-a-s>

# Explanations Regarding Corporate Governance Working Principles and Operations of the Nomination and Remuneration Committee

## 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 2022 was submitted to the Corporate Governance Committee in order to be presented to the BoD on 24 February 2023. The report regarding the activities of 2023 was submitted to the Corporate Governance Committee and the BoD in March 2024.

## Investor Relations Contacts

CFO: Polat Şen

Investor Relations Coordinator: Nursel İlgen, CFA

Finance Coordinator Responsible for Ensuring Compliance with Corporate Governance and Capital Markets Regulations: Nevin İmamoğlu İpek

Finance Coordinator: Ayça Sandıkçıoğlu

Investor Relations Manager: İsmail Özer

Investor Relations Manager: Cansev Atak

## Explanations Regarding Corporate Governance Working Principles and Operations of the Nomination and Remuneration Committee

### 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 22 March 2023 to serve until the General Assembly where the operations of 2023 will be discussed.

Name Surname	Position	Current Positions Held Outside the Company	Independent BoD Member?	Committees and Position
Rahmi M. Koç	Honorary Chair	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Member
Ömer M. Koç	Chair	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Chair
Ali Y. Koç	Vice-Chair	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Member, Nomination and Remuneration Committee Member
Semahat S. Arsel	Member	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Member
Caroline N. Koç	Member	BoD Chair and Member, Committee Member	Not Independent Member	Risk Management Committee Member
İpek Kıraç	Member	BoD Chair and Member	Not Independent Member	Corporate Governance Committee Member
Levent Çakıroğlu	Member, CEO	BoD Chair and Member, Committee Member	Not Independent Member	
Jacques Albert Nasser	Member	BoD Member in companies outside the Group	Not Independent Member	
Emily K. Rafferty	Member	BoD Chair and Member in companies outside the Group	Independent Member	Audit Committee Member; Nomination and Remuneration Committee Chair
Cem M. Kozlu	Member	BoD Chair and Member in companies outside the Group	Independent Member	Corporate Governance Committee Chair, Audit Committee Chair
Peter Martyr	Member	BoD Chair and Member in companies outside the Group	Independent Member	Risk Management Committee Chair
Michel Ray de Carvalho	Member	BoD Chair and Member in companies outside the Group	Independent Member	

The CVs of the BoD Members can be found on our website and in our Annual Report. (See pages 180-183)

The duties of the BoD Chair 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 2023, the Board made 32 decisions, nine of which were during physical meetings amongst four of which were during meetings at which strategic issues were discussed. Every member has one vote at BoD meetings; differences of opinion and grounds for opposing votes and specific questions raised by Members of the BoD at Board Meetings are recorded in the Resolution Book. No opposition or difference of opinion has been declared recently.



**Skills**

**92%**

Core Industry

**100%**

Senior Executive

**58%**

Environmental

**92%**

Financial / Audit and Risk

**17%**

Cybersecurity / IT

**92%**

Social

**42%**

Legal / Public Policy

**75%**

M&A / Capital Market

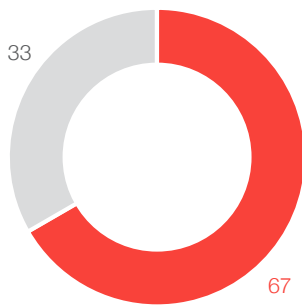
**100%**

International Markets

Glass Lewis Board of Directors Talent Matrix was taken into consideration in the evaluation.

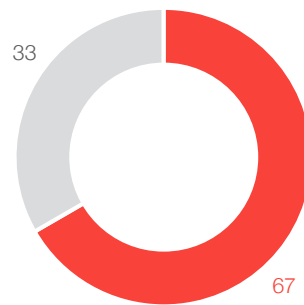
**Independence Status (%)**

■ Independent ■ Not independent

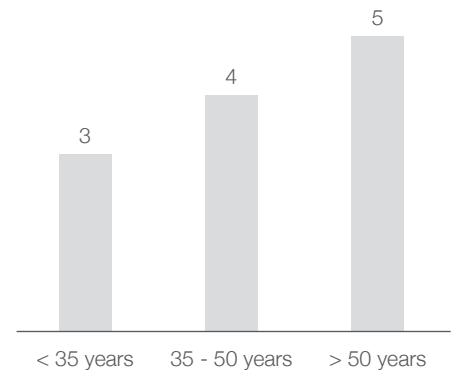


**Citizenship/Residency (%)**

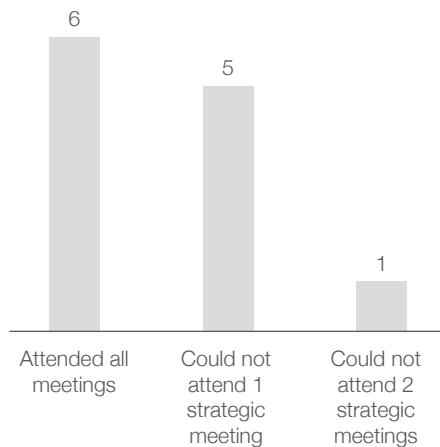
■ Turkey ■ Others



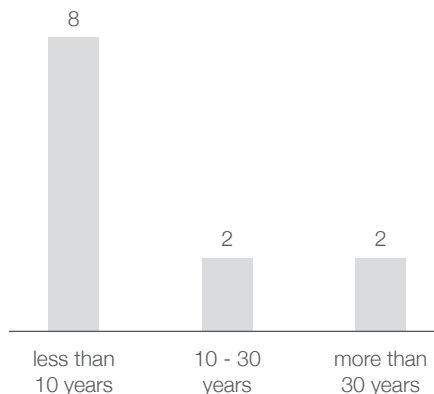
**Work Experience (person)**



**Attendance in Meetings (person)**

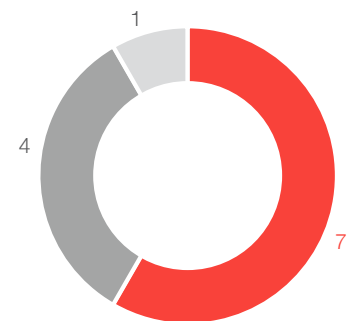


**Term of Office on the Company's Board of Directors (person)**



**Educational Status (person)**

■ Master's / PhD ■ Licence ■ Associate Degree / High School



# Explanations Regarding Corporate Governance Working Principles and Operations of the Nomination and Remuneration Committee

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.

The "Remuneration Policy for BoD Members and Senior Executives," which contains the remuneration principles and the criteria used in determining every right, benefit and remuneration given to BoD Members and senior executives is available at page 27 of the Annual Report. Koç Holding does not get involved in material transactions that might lead to conflicts of interest such as extending loans the BoD Members or Executive Management, or providing collateral on their behalf.

In 2023, 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 04 April 2023, it was decided by the Board that the Audit Committee shall be composed of two Independent Board Members. The Audit Committee President will be Cem M. Kozlu and the Committee Member will be Ms. Emily K. Rafferty.

In 2023, the Audit Committee convened four times to review the audit related operations particularly with regards to internal audit and compliance with tax laws and regulations. The Committee passed six resolutions and accordingly submitted to the BoD its written assessments on selection of the independent audit firm and annual & interim financial reports in terms of their truthfulness, accuracy, and compliance with the accounting principles adopted by the Company.

## **Working Principles and Operations of the Corporate Governance Committee**

The working principles of the Corporate Governance Committee are posted on the Company website.  
<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The Corporate Governance Committee aims to find out whether the corporate governance principles are applied within the Company, and, if not applied, to find out the reasons and the possible conflicts of interests that may have occurred as the result of the violation of such principles. It also gives advice to the BoD on improving governance applications. The Committee meets frequently enough to manage the duties assigned to it.

On 04 April 2023, it was decided by the Board that the Corporate Governance Committee shall be composed of three members and the Independent Member Cem M. Kozlu be appointed as its Chair and Ms. İpek Kırac and Mr. Polat Şen as the members.

The Committee made an assessment of the Company's corporate governance practices and the Corporate Governance Compliance Report and also the explanations regarding Sustainability Principles in 2023 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 4 April 2023, it was decided by the Board that the Committee shall consist of two members, with Independent Member Emily K. Rafferty as Chair and Mr. Ali Y. Koç as Member.

In 2023, 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 04 April 2023, it was decided by the Board that the Committee shall consist of two members: Independent BoD Member Peter Martyr as Chair and Ms. Caroline N. Koç as Member.

In 2023, the Committee worked to assess the Company's risk profile, identify measures to be taken in risk prone areas, implement information security policy, review compliance risks and the related studies thereof, assess sustainability risks and prepare the risk management chapters in the annual report. In its report dated 15 March 2024, 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 187-189.

### Working Principles and Operations of the Executive Committee

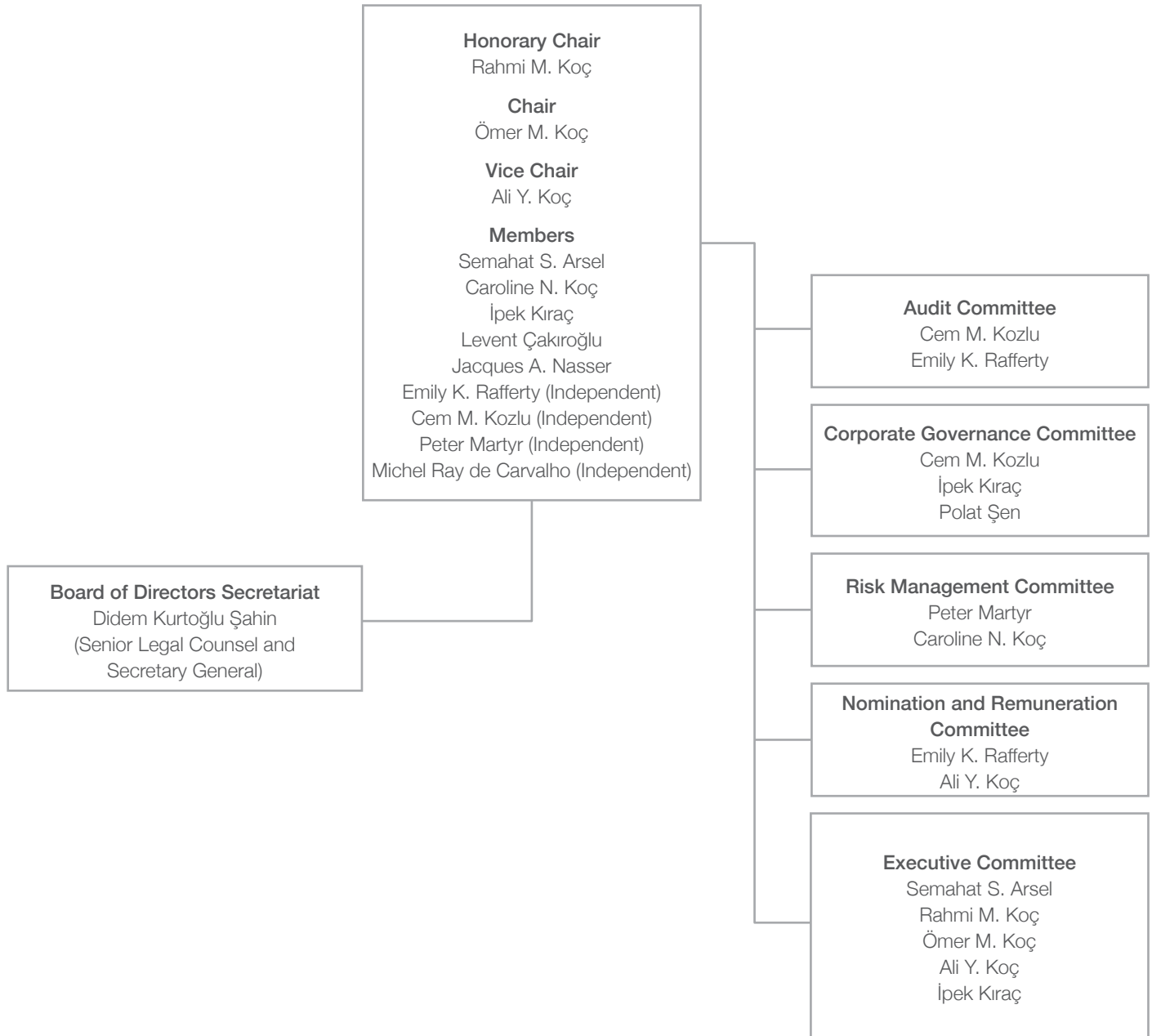
The operations of the Executive Committee are summarized below:

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.

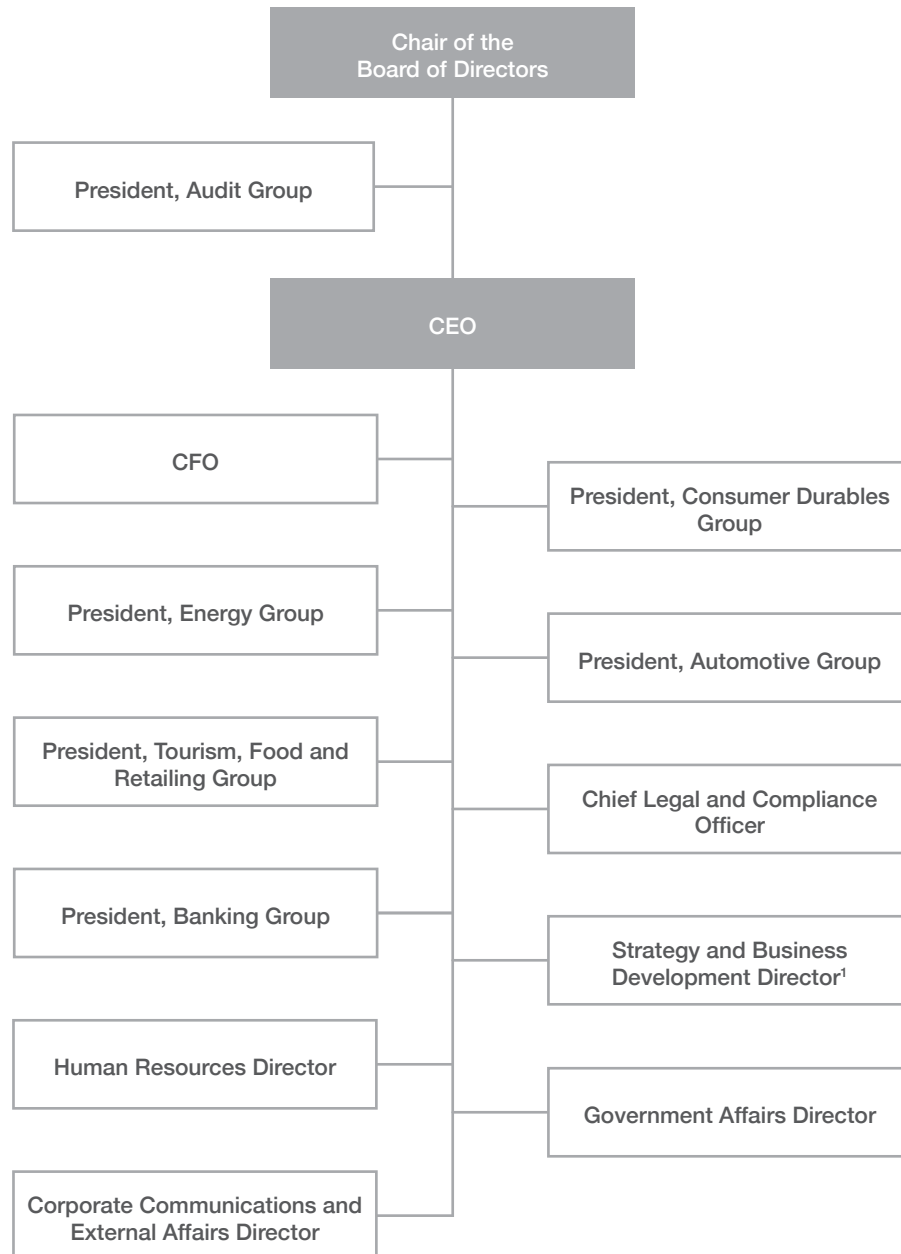
On 04 April 2023, Semahat S. Arsel, Rahmi M. Koç, Ömer M. Koç, Ali Y. Koç and İpek Kırac were elected by the Board as Committee members.

The BoD may not always be able to meet as often as it would like, therefore one of the functions of the Executive Committee is to monitor developments in the Company's sectors of operation and to keep the BoD informed of them. Another of its functions is to provide coordination between the administrative structure of the Company and the BoD. It also makes recommendations for developing appropriate Company strategies and increasing the effectiveness of its operations.

## 2023 Board of Directors Structure



# Organization Chart



(1) No appointment has been made to replace the Strategy and Business Development Director, who left the position as of 16 April 2023.

## Board of Directors

### Rahmi M. Koç, Honorary Chair

A graduate of Johns Hopkins University in Business Administration, he joined the Koç Group in 1958 at Otokoç Ankara. He became Chair of the Management Committee in 1980 and was named Chair of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chair. Apart from Koç Holding, he also serves as a Member / Chair of the Board of Directors of other Koç Group companies. In addition, Rahmi M. Koç is or has been affiliated with social and professional organizations including:

- The Metropolitan Museum of Art, New York City, Honorary Trustee
- Co-Chair of the Business Advisory Council for South East Europe (BAC SEE)
- Vice Chair of the Board of Trustees of Vehbi Koç Foundation
- Honorary Chair of the Board of Trustees of Koç University
- Founder and Chair of the Board of Directors of the Rahmi M. Koç Museum and Cultural Foundation
- Chair of the Board of Directors of the Vehbi Koç Foundation American Hospital
- Honorary Chair and Founding Member of TURMEPA, The Turkish Marine and Environment Protection Association
- Honorary Chair of the Advisory Board of the Turkish Industrial and Business Association (TÜSIAD)
- Member of the Advisory Board of the Turkish Employers Association
- Founding Chair of the Global Relations Forum
- Former President of the International Chamber of Commerce (1.1.1995-31.12.1996)
- Former President of the Turkish Greek Business Council (1992-1999)
- Former Member of the Allianz AG International Advisory Board
- Former Member of the J.P. Morgan International Council
- Former Member of the International Advisory Board of the US Council on Foreign Relations

Rahmi M. Koç has been awarded with the following merits and degrees:

- “Honorary Doctorate” degrees by Johns Hopkins University (Baltimore-Maryland), Eskişehir Anadolu University, İzmir Ege University, Ankara Bilkent University, Ovidius University of Constanza and Aydın Adnan Menderes University
- “Outstanding Service Award” by the President of the Turkish Republic
- German Government’s “Grosses Verdienst Kreuz”
- “Order of High Merit of the Italian Republic”
- “Order of Merit of the Austrian Government”
- “(Honorary) Commander of the Most Excellent Order of the British Empire (CBE)”
- “Officier dans l’Ordre National de la Légion d’Honneur”, the highest medal awarded by the French government
- “Responsible Capitalism Lifetime Achievement Award” from FIRST, a leading multidisciplinary international affairs organization
- The medal of Foreign Policy Association (FPA), globally recognized think-tank with its 100-year history
- “Hadrian Award” by the World Monuments Fund to the Koç Family
- “Carnegie Medal of Philanthropy” (New York) to the Koç Family
- “BNP Paribas Philanthropy Award” (Paris) to the Koç Family
- “Iris Foundation Award” from BARD Graduate Center to the Koç Family

**Ömer M. Koç, Chair**

In 1985, he received his B.A. degree in Ancient Greek Language and Culture from Columbia College, which is linked to Columbia University. He worked at Kofisa Trading Company in Switzerland for one year. He completed his MBA at Columbia University in 1989. After working at New York-based Ramerica International Inc. between 1989 and 1990, he joined Koç Group in 1990. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of Energy Group. He became member of Board of Directors in 2004 and Vice Chair in May 2008. In February 2016, he was appointed as the Chair of the Board of Directors of Koç Holding. He serves as the Vice President of TÜSİAD High Advisory Council, Chair of Turkish Educational Foundation Board of Trustees, President of Geyre Foundation and Chair of Yapı Kredi Kültür Sanat Yayıncılık Board of Directors, Chair of İstanbul Foundation For Culture and Arts Board of Trustees, Chair of Tüpraş Board of Directors, Chair of Tofaş Board of Directors and Member of the Board of Directors at other Koç Group companies.

**Ali Y. Koç, Vice Chair**

He received his bachelor's degree from the Management Faculty of Rice University and MBA from Harvard Business School. He started his career at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank. Ali Y. Koç joined Koç Holding in 1997 and held senior-level positions until 2010 including new business development and information technologies (IT) as well as the President of Corporate Communications and IT Group. After serving as a Member of the Board of Directors at Koç Holding for over 8 years, he was elected as the Vice Chair in February 2016. Since April 2016, Ali Y. Koç also serves as Chair of the Board of Directors of Koç Financial Services, Yapı Kredi Bank, Ford Otosan, Otokar as well as several other Koç Group companies. In addition to being Chair and Vice Chair at Turkey's largest companies and financial institutions, Ali Y. Koç also contributes to the country's social and economic development and currently is the President of Fenerbahçe Sports Club, Member of the Board of Directors of the International Competitiveness Research Institute (URAK), Member of the Executive Board of European Club Association (ECA) and Member of the Board of Directors of Endeavor Turkey. He is also a Member of the Global Advisory Council of Harvard University, Bank of America and Council on Foreign Relations and a Member of the Panel of Senior Advisers at Chatham House. He represents Turkey at the CBI - Confederation of British Industry.

**Semahat S. Arsel, Member**

She began her career in 1964 as a Member of the Board of Directors of Koç Holding, a position she continues to hold. In addition, she is Chair of the Board of Directors of Vehbi Koç Foundation and the Divan Group, founder of the Semahat S. Arsel Nursing Education and Research Center and the Koç University School of Nursing. She also serves as Member of the Board of Directors of other Koç Group companies as well as Member of the Board of Trustees of the Educational Volunteers Foundation of Turkey (TEGV). Semahat Arsel has received an "Honorary Doctorate" degree from İstanbul University.

**Caroline N. Koç, Member**

Caroline Koç graduated from St. George's School, Switzerland and from Babson College, USA Department of Business Administration. She is fluent in English, Turkish, French, Italian and Swedish. Ms. Koç started her professional career in 1992 at Edwards of Hisar, where she acted as the managing director until 1998. She founded and worked as the acting manager of "İlkadım Play and Education Center for Kids" between 1998 and 2003. She founded "Haremliques İstanbul" in 2008 and "Selamliques Turkish Coffee" in 2009 and is currently the Chair of the Board of Directors of both companies. In addition, she is Member of the Board of Directors of several Koç Group companies. She served as Chair of the Board of Directors of Turkish Family Health and Planning Foundation. She is a Member of the Board of Directors of Tohum Autism Foundation, a Founding Member of Tina Foundation as well as the Contemporary Education Foundation. She has been a Member of Koç Holding Board of Directors since 2016.

**İpek Kırış, Member**

İpek Kırış graduated from Koç Private High School in 2002 and from Brown University Department of Biology in 2007. Between 2012 and 2018, she was the CEO of Sirena Marine Maritime Industry and Trade Inc. and has been serving as Chair of the Board of Directors since November 2018. Kırış is a member of the Board of Directors of Vehbi Koç Foundation, Temel Trade and Investment Inc., American Hospital (Moment Health Services Trade Inc.), Zer Central Services Inc., Arçelik Marketing Inc., Setur Service Touristic Inc., VetAmerikan Veterinary Services Inc. and Trustees of Educational Volunteers Foundation of Turkey (TEGV). In addition, Kırış continues to work as the Chair of the Board of Directors of Koç School and as a member of the Board of Trustees of Koç University, Galatasaray Education Foundation and Trustees of Educational Volunteers Foundation of Turkey (TEGV). İpek Kırış is also a Founding Member of the Board of Suna and İnan Kırış Foundation. She launched Suna'nın Kızları (Suna's Daughters-named after her mother Suna Kırış), an education initiative which will be taking a multi-dimensional and holistic approach for creating ecosystems of support that will empower girls to identify and pursue their dreams. She also launched SemtPati (Neighborhood Paws) Foundation working on the welfare of stray animals by using digital Technologies and mobilizing volunteers. She has been a member of Koç Holding Board of Directors since 2016.

## Board of Directors

### **Levent Çakıroğlu, Member & CEO**

Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He served as Vice President of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakıroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also the Chair of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chair of Yapı Kredi Bank and Member of the Board of Directors at various Koç Group companies.

### **Jacques A. Nasser, Member**

Following a 33-year global career with Ford Motor Company, Jacques Albert Nasser served as a Member of its Board of Directors, President and Chief Executive Officer. He has also served as the Board Chairman of BHP Billiton, and as a Member on the Board of Directors of Brambles, Sky, and FOX. From 2002-2010, he was also a Partner of One Equity Partners, the private equity arm of JPMorgan. Nasser graduated in Business from RMIT University in Melbourne, Australia, and received a Doctorate of Technology honoris causa. In recognition of his work for industry, the community and as an advisor to government, he has received various awards in Australia, Lebanon and the United States. Jacques Albert Nasser has been a Member of the Koç Holding Board of Directors since 2015.

### **Emily K. Rafferty, Independent Member**

Emily Kernan Rafferty, President Emerita of The Metropolitan Museum of Art (the Met), served for 40 years in a progression of leadership roles at the nation's largest art Museum: as the Chief of Institutional Advancement, Senior Vice President of External Affairs, and as President of the Met from 2005 to 2015. As President, she was the Museum's chief administrative officer, supervising a staff of 2,000 full- and part-time employees and volunteers, and founding the Met's first multicultural outreach, diversity, and inclusion program. In addition to serving as a cultural leader in New York City, Ms. Rafferty's global responsibilities took her to more than 50 countries, where she worked with government and private sector officials on initiatives involving funding, marketing, international art loans, legislative affairs, patrimony, and cultural exchange. Currently, Ms. Rafferty is a Vice Chair of the National September 11 Memorial & Museum (board member 2005-present); a Board member of Carnegie Hall (October 2018-present), the Asia Society, (2021-present); Civitella Ranieri, an Artist Residency Program in Italy (2018-present); the Hispanic Society Museum and Library (2019-present); and the Association of Art Museum Curators (2019-present). She also serves on the corporate boards of PJT Partners (2015-present). A member of the eight Women, a bipartisan Congressional Commission to study the feasibility of an American Museum of Women's History in Washington, D.C. (2015-2016), she continues to serve as an advisor to the project, which has received Congressional approval to proceed as part of the Smithsonian Institution. She is also a member of the Advisory Council of the American University of Beirut. Ms. Rafferty formerly served as UNESCO's Senior Advisor for Heritage Protection and Conservation (2015-2017), and from 2012 to 2016 as Chair of the New York Federal Reserve Bank (board member 2011-2017). From 2008 to 2020, she was Chair of NYC & Company, the city's official tourism and marketing organization, where she continues to serve as an ex-officio board and executive committee member. She is principal of Emily K. Rafferty & Associates, a consulting resource for non-profit institutions. She served at Russell Reynolds Associates as Senior Advisor in the nonprofit sector (2015 - 2021), has worked with The Shed (2015-2019) and continues with multiple independent clients. She has also been a Hauser Leader at the Harvard Kennedy School's Center for Public Leadership (Fall 2019). A member of the Council on Foreign Relations, she lectures widely on topics relating to non-profit and board governance issues, fundraising, and cultural heritage. The recipient of many awards and honors, Ms. Rafferty was named by Crain's New York Business one of the city's 100 most influential women over a five-year period, and in fall 2015 was elected to its Hall of Fame. She received New York University's 2012 Lewis Rudin Award for Exemplary Service to New York City, a Lifetime Achievement Award from the 9/11 Memorial & Museum in 2018 and was recognized in 2019 as a "Living Landmark" by the New York Landmarks Conservancy. In 2021, she received with her husband the Lillian D. Wald Award from the Visiting Nurse Service of New York. She has been a Member of Koç Holding Board of Directors since 2018.



**Cem M. Kozlu, Independent Member**

Dr. Cem Kozlu received his bachelor's degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu held executive positions at NCR in the US, Procter&Gamble in Switzerland and was the General Manager in Komili for 12 years. He was appointed as the General Manager and the Chair of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chair of the Association of European Airlines (AEA) in 1990. Cem Kozlu remained in public service as a member of the Turkish Parliament from 1991 to 1995 and as the Chair of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca Cola Company since 1996. Before retiring in 2006, he was the Group President responsible for 51 countries in the Vienna-based Central Europe, Eurasia and Middle East Group and served as a consultant in The Coca-Cola Company Eurasia & Africa Group between 2007 and 2015. Currently, Cem Kozlu serves as a member of the Board of Directors of Pegasus Airlines, and Vienna-based Do & Co AG. He is also member of the Board of Trustees of Muhtar-Defne Kent Foundation, Boğaziçi University Foundation and İstanbul Modern Sanatlar Vakfı (İstanbul Modern Arts Foundation). Dr. Kozlu, who served as a lecturer at Boğaziçi and Denison universities at different times, has published 11 books, numerous articles and produced a TV series on leadership. He has been a Member of Koç Holding Board of Directors since 2019.

**Peter Martyr, Independent Member**

Peter Martyr is the Former Global Chief Executive Officer (CEO) of Norton Rose Fulbright, a major global law firm. He obtained his Law Society Part 2 Professional Qualification from College of Law and received his LLB (Hons) from University College Cardiff, University of Wales. He started his career in 1979 in Norton Rose as a solicitor; where he became a partner, managing partner, CEO and finally Global CEO between 2010 and 2020. As the Global CEO, he was responsible for setting and driving the global strategic direction of the firm, completing major law firm mergers in Australia, South Africa and Canada between 2010 and 2012, in 2014 creating Norton Rose Fulbright through a further merger with Fulbright & Jaworski LLP. Subsequent mergers included the New York firm of Chadbourne & Parke LLP. He introduced a number of new global business lines, particularly Risk Advisory (focusing on cyber, ESG, sustainability, regulation and financial services) and NRF Transform, a global change and innovation program, designed to create more efficient legal solutions for clients. He also established a Global Diversity and Inclusion Advisory Council, responsible for driving diversity and inclusion targets and initiatives across the global firm. He is an experienced advisor to boards and management committees on global strategy, governance and enterprise risk management issues. He has significant experience of global strategic development and implementation, creating innovative culture and change management programs. At Norton Rose Fulbright, he undertook multiple integration programs and has been responsible for development of Executive Committee, Board governance and risk management functions. He was identified in 2013 as a "Top 50 innovator over the last 50 years" by American Lawyer, and "Top 10 Business People" by The Times in 2012 and "Honorary Catalyst CEO Champion for Change" in 2020 and is the recipient of a number of law firm management awards. Martyr became a Member of Koç Holding Board of Directors in 2021.

**Michel Ray de Carvalho, Independent Member**

Michel Ray de Carvalho is, since 1 April 2018, the Chair of Capital Generation Partners LLP, CapGen. He joined CapGen in 2018 after a 20-year career at Citigroup where he served as Vice Chair of Citi Investment Banking, EMEA. He was also named Chair of Citi Private Bank for EMEA in 2009 and Global Chair of Citi Private Bank in February 2016. Mr. de Carvalho has over 40 years' experience in the banking industry, having started his career in 1970 as an investment banking trainee for White Weld and Co. Ltd in London, the predecessor firm to Credit Suisse First Boston (CSFB). Michel Ray de Carvalho is also a Member of the Supervisory Board of Heineken NV since 1996, and an Executive Director of Heineken Holding NV. Michel Ray de Carvalho is a graduate of Harvard Business School; he obtained a Masters of Business Administration in 1970. He also holds a BA from Harvard College. Carvalho became a Member of Koç Holding Board of Directors in 2022.

## Executive Management

### Levent Çakıroğlu, 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 served as Vice President of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakıroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also the Chair of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chair of Yapı Kredi Bank and Member of the Board of Directors at various Koç Group companies.

### Polat Şen, CFO

Polat Şen received his bachelor's degree from Marmara University, Department of Economics in 1998 and his master's degree in International Finance from the University of Bradford, School of Management in 1999. Şen completed the Harvard Business School Advanced Management Program in 2016. Appointed as Internal Audit Manager of Arçelik Group in 2005, and Group Director of Finance and Accounting at Grundig Electronics / Grundig Multimedia B.V. in 2008, he worked as Finance and Accounting Directors at Arçelik Group / Grundig Multimedia B.V. between 2009 and 2010. After holding Director of Purchasing position from 2010 until 2015, Polat Şen served as the CFO and at the same time the Assistant General Manager responsible for Sub-Saharan Operations of Arçelik Group from 2015 until 2022. Polat Şen has been the CFO of Koç Holding since 2022.

### Yağız Eyüboğlu, President, Energy Group

Yağız Eyüboğlu graduated from Boğaziçi University with a BA degree in Economics in 1991. He went on to earn an MBA from Koç University in 1996. Mr. Eyüboğlu began his professional career as a Management Trainee at Arçelik in 1991. Starting in 1993, he worked at Koç Holding for more than 10 years, as Auditor, Senior Internal Auditor, Assistant Financial Coordinator and Financial Coordinator, respectively. Between 2004 and 2009, he served as the CFO of Arçelik; the CEO and Board Member of Beko Elektronik; Assistant to the President of the Foreign Trade and Tourism Group at Koç Holding; and Human Resources Director at Koç Holding. From 2009 to October 2015, he was the CEO of Aygaz. In October 2015, he was appointed the Deputy President of the Energy Group at Koç Holding and since April 2016 he has been serving as the President of Energy Group. Yağız Eyüboğlu is also a Member of the Board of Directors in various Koç Group companies and had served as the President of the World LPG Association, the Chair of TISK Turkish Confederation of Employer Associations, and the Chair of the Board of Trustees of the Turkish Family Health and Planning Foundation.

### Dr. Fatih Kemal Ebiçlioğlu, President, Consumer Durables Group

Dr. Fatih Kemal Ebiçlioğlu, President, Consumer Durables Group After graduating from Ankara University, Faculty of Political Science, Department of International Relations, Fatih Ebiçlioğlu received a Master's degree in Finance from the Virginia Commonwealth University, and earned a PhD degree in Finance-Accounting from Ankara University Faculty of Political Science. Between 1989 and 2002, Mr. Ebiçlioğlu worked as Assistant Tax Auditor at the Ministry of Finance, and later as Tax Auditor and Senior Tax Auditor. In addition, he served as a part-time instructor at Hacettepe, Bilkent and Atılım Universities from 1998 to 2002. He joined Koç Holding in 2002 as Financial Coordinator. Subsequently, he served as Audit Group Coordinator of Koç Holding (2004-2005), and Deputy General Manager of Arçelik (2005-2015). Mr. Ebiçlioğlu has been the President of the Consumer Durables Group at Koç Holding since February 2015. Fatih Ebiçlioğlu is also a Member of the Board of Directors of Arçelik. He also serves as the Chair of the Board of Directors and a Member of the Board of Directors of some other Koç Group companies. Ebiçlioğlu acted as a Member of the Board of Turkish Exporters Assembly (TIM) between 2018 and 2022. He is also a Member of the Board of Directors of Turkish Industry & Business Association (TÜSİAD).

**Haydar Yenigün, President, Automotive Group**

Haydar Yenigün received his bachelor's degree from Yıldız Technical University, Mechanical Engineering Department in 1987. The same year, he started his professional life as an engineer in Ford Otosan's Manufacturing Department. Following his military service, he worked as Project Engineer between 1992 and 1997. In 1998, he assumed Project Leader role in Ford Otosan's Kocaeli Plant, before being appointed to Kocaeli Plant as Body Construction Area Manager, in 1999, in which position he served until 2007. He was appointed as Ford Otosan Assistant General Manager- Kocaeli Plant Manager in 2007. Having functioned as the General Manager of Ford Otosan from 2012 until 2022, Haydar Yenigün has been named Koç Holding Automotive Group President in 2022.

**Gökhan Erün, President, Banking Group**

After graduating from İstanbul High school (İstanbul Erkek Lisesi), Gökhan Erün earned his undergraduate degree from İstanbul Technical University - Department of Electronics and Communications and graduate degree from Yeditepe University - Business Administration. Erün began his career at Garanti Bank Treasury Department in 1994. Between 1999-2004, Erün served as the Senior Vice President of Commercial Marketing and Sales Department. After becoming the CEO of Garanti Pension and Life in 2004, he was appointed as Executive Vice President of Garanti Bank in September 2005. Erün began to serve as the Deputy CEO of Garanti Bank in September 2015, also in charge of Corporate Banking, Treasury, Treasury Marketing and Financial Solutions, Derivatives, Cash Management and Transaction Banking, and Financial Institutions. At the same time, he was Board Chairman and Board Member in various local and international subsidiaries of Garanti Bank. As of January 2018, Erün has continued his career in Yapı Kredi as Executive Director in Board of Directors and Chief Executive Officer (CEO). In addition, Erün is the CEO of Koç Financial Services and holds positions in the Boards of various Yapı Kredi Group subsidiaries, Koç Finansman, Tanı and Allianz Yaşam ve Emeklilik. Also as of April 2021, Erün became the President of Koç Holding's Banking Group.

**Özgür Burak Akkol, President, Tourism, Food and Retailing Group**

After receiving his Bachelor's degree in Industrial Engineering from İstanbul Technical University, Akkol completed the Executive MBA program and received a Master's degree from Koç University in 2011. As he continued his professional career, he successfully graduated from Harvard Business School and Columbia University completing the "Executive Development" and "Leadership Education" programs, Columbia Business School and London Business School Global Executive MBA. Akkol started his career in 2001 in the USA, as a Production and Productivity Specialist at Nautilus Foods. After working abroad, Akkol returned to Turkey and started working for Koç Holding in 2003, as a Human Resources Assistant Specialist. He worked as a Human Resources Specialist between 2004 and 2005, and as an Audit Specialist and Senior Audit Specialist between 2005 and 2009. Akkol then worked as a System Development and Human Resources Manager between 2009 and 2010, as a System Development and Human Resources Coordinator between 2010 and 2014, and as a Human Resources Director between 2014 and 2021. He worked as Koç Holding Human Resources and Industrial Relations President between 2021 and 2022. Özgür Burak Akkol was appointed as the Tourism, Food and Retailing Group President in 2022. Akkol is the Chair of Board of Koç Pension & Assistance Foundation, Koç Group Sports Association and Member of the Board of some other Koç Group companies. At the same time, he is the Chair of the Board of Turkish Confederation of Employer Associations (TİSK), Turkish Employers Association of Metal Industries (MESS) and MESS Education Foundation and member of the Board of Turkish Employment Agency (İŞKUR).

**Kemal Uzun, President, Audit Group**

Kemal Uzun received his Bachelor of Arts degree in Business Administration from Ankara University, and his Master's degree in Finance from the University of Illinois College of Business. He started his business life as an Apprentice Public Account Inspector in 1990. He worked at the Ministry of Finance as Assistant Tax Auditor (1991-1994), Tax Auditor (1994-2002), Senior Tax Auditor (2002-2003), and Head of Department (2003-2005). Later, he functioned in Group Head (2005-2006) and Department Head (2006) positions at the Revenue Administration. Having worked as Koç Holding's Audit Group Coordinator from 2006 until 2011, Kemal Uzun assumed the position of Tax Management Director from 2011 until 2021. He has been serving as the President of Koç Holding's Audit Group since April 2021. He is also a member of the Boards of Directors of various Koç Group companies. In tandem with these roles, he is a member of Turkish Industry and Business Association (TÜSİAD), Tax Council and TURMEPA.

## Executive Management

### **Kenan Yılmaz, Chief Legal and Compliance Officer**

He graduated from İstanbul University, Faculty of Law in 1983. He was admitted to the İstanbul Bar Association in 1984. He earned an LLM in International Business Transactions from Tulane University Law School in New Orleans, Louisiana (USA) and received an EMBA from Koç University. He began his career as Legal Counsel at Koç Holding in 1989. He worked as Assistant Chief Legal Counsel between 2000 and 2006, and as the General Counsel between 2006 and 2021. From the beginning of 2021, he has been working as the Chief Legal and Compliance Officer of Koç Holding, also responsible for the Compliance Program. Kenan Yılmaz is also a Member of the Board of Directors of Tofaş Türk Otomobil Fabrikası A.Ş. and Marmaris Altinyunus. He also serves as the Chair of the Board of Directors and Member of the Board of Directors of some other Koç Group companies. In addition, Mr. Yılmaz is a founding member of Turkish Center for Ethical Values Foundation and founding member and Vice Chair of the Board of Directors of Turkish Institute of Nautical Archeology (TINA) and Vice Chair of the Board of Directors of Koç Holding Pension and Support Fund Foundation, and a member of Turkish Industry & Business Association (TÜSIAD).

### **Burçin Girit, Corporate Communications and External Affairs Director**

Girit received her bachelor's degree in Psychology from Boğaziçi University in 1993 and her master's degree in Business Administration and Communication from Emerson College in 1995. Girit started her career as Public Relations Department Manager at Kanal D in 1995. Between 1996 and 1998, she worked as Marketing Operations Specialist at Pfizer Pharmaceuticals. Between 1998 and 2007, she was Public Relations Manager responsible for Turkey, Middle East and North Africa Region at Intel, Marketing and Communications Director at Accenture, Consumer Credit Products Marketing Manager at Bank Europa, CEO Technical Assistant and Press and Sponsorship Manager at Avea, respectively. After joining to BSH Home Appliances as Corporate Communications Director in 2010, Mrs. Girit has been served as Corporate Communications Director and Sustainability Leader responsible for the Emerging Markets Region (Turkey, Middle East, Africa, CIS, India and Southeast Asia) between 2020 and 2023. Since March 2023, she has been working as Corporate Communications and External Affairs Director at Koç Holding.

### **Ali Utku Atalay, Government Affairs Director**

Ali Utku Atalay graduated from Gazi University Engineering & Architecture Faculty in 1998. He received his Finance & Financial Law postgrad degree (MSc.) from University of London (SOAS) in 2008 and Public Administration postgrad degree (MPA) from Harvard University (Kennedy School of Government) in 2013. Following an MT programme at Ziraat Banking School in 2000, he worked as a banking expert for a year. Between 2001 and 2015, Ali Utku Atalay served at the Secretariat General for EU Affairs (later on Ministry for EU Affairs) in the areas of financial assistance projects, economic and financial policies and translation of the *acquis communautaire*, assuming various responsibilities and latest as a Director. In 2015, he moved to private sector as the first Government Affairs Coordinator of Ford Otosan and started his mission at Koç Holding as the Corporate Affairs Coordinator in 2019. He was appointed as Koç Holding's Government Affairs Director in 2024. He is a member of Government and Corporate Affairs Management (KIYED) and Global Relations Forum (GIFGRF) associations.

### **Umut Günal, Human Resources Director**

Umut Günal received his degree from Koç University, Business Administration Department in 2007. He started his professional life as a researcher at Profil International in 2007. He worked as a consultant at Hay Group Consultancy between 2007 and 2010, and as Compensation and Benefits Analyst for Middle East and North Africa at Ericsson in 2010 and 2011. He completed his master's studies in Human Resources Management at İstanbul Bilgi University in 2013. Having functioned as Senior Consultant and Information Services Country Manager at Hay Group Consultancy between 2011 and 2014, he worked as General Manager at TalentSys Consultancy between 2014 and 2017. After working as Koç Holding Performance and Compensation Manager (2017-2021) and Koç Holding Human Resources Coordinator (2021-2022), Umut Günal has been serving as Koç Holding Human Resources Director since 2022.

# Risk Management

Since its foundation the Koç Group has achieved long-term success through its cautious and robust approach toward risk management. To this end, Koç Holding uses sophisticated risk assessment, modeling, reporting, and capital allocation techniques. These processes boost transparency and encourage the application of a more systematic approach to risk assessment in investment and business decisions at all levels.

At the Koç Group, risks are managed by the Finance Department with the oversight of the Board of Directors, in coordination with all Group presidents. Koç Holding's Risk Management function was established to further develop the Group's risk policies, limits and review mechanisms. This risk management function leverages the risk infrastructures in each of the Company's businesses, which have adopted an approach that is aligned with the Group's overall risk policies and limits.

Risks identified through risk management processes are prioritized depending on their probability and impact. It is ensured that most important risks are within the responsibilities of business leaders at company and/or Group level. In the management of risks, the Company has general response strategies that identify categories according to whether it will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable tolerance levels set by the Board of Directors.

The major risks that Koç Holding is exposed to are classified under four main categories:

## 1. Financial Risks

Financial risks relate to a company's ability to meet its financial obligations and mitigate the effects of market volatility. To keep financial risks under control, a variety of financial indicators, especially Net Financial Debt / EBITDA, Net Foreign Currency Position / Shareholders' Equity, current ratio and the maturity profile of financial liabilities, are monitored, at the Company and Group level on a combined and consolidated basis, and are kept within particular limits. Financial risks are broken down into five main categories:

i) Foreign Currency Risk: The Koç Group companies keep their foreign currency risk exposure within certain limits. As a foreign currency risk management tool, derivative transactions are used when needed. Loans that are designated as cash flow hedges and net investment hedges in foreign operations are excluded from the calculation of the amount subject to foreign currency risk exposure. Moreover, those assets that are reported as TL on the balance sheet and, for which exchange rate changes can be reflected to their sales prices are designated as "natural hedges" and considered as "foreign currency denominated assets" while evaluating the foreign currency risk exposure.

ii) Liquidity Risk: In accordance with the management of liquidity risk, the Group continues to diversify its funding sources, increase the average duration of its financial liabilities, maintain a sufficient level of cash and cash equivalents and sustain the current ratio above a certain limit in case of a sudden cash need.

iii) Credit Risk: The Company mitigates this risk by conducting credit analysis, setting credit limits, trade receivables insurances and obtaining the maximum degree of guarantee. In addition, with the "E-Risk Commercial Risk Application", every effort is taken to ensure that the risk of commercial receivables arising from the Group's operations is followed up centrally.

iv) Interest Rate Risk: In order to manage interest rate risk, the Koç Group implements asset liability management and employs certain derivative financial instruments when necessary.

v) Commodity Price Risk: The Company accepts commodity price risk where they are part of its core business and avoid or reduce exposure where possible through a variety of hedging mechanisms.

# Risk Management

## 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. At Koç Holding, the results of the materiality analysis, which are renewed regularly every 3 years, are integrated into the risk management process. According to the results of the 2023 materiality analysis, low-carbon transition, water management and data analytics and artificial intelligence were determined as the three highest priority issues. In this regard, Koç Holding integrates data analytics and artificial intelligence into its business processes within the scope of the Digital Transformation Program, as well as effectively manages its risks and opportunities related to climate change within the scope of the Carbon Transformation Program. (For the Sustainability section, see page 41-67, for the Digital Transformation Program section, see page 70-71) The relevant activities of the Koç Group are reviewed on an annual basis within the framework provided by the environmental, social and governance (ESG) perspective. Climate-related risks and opportunities are monitored and managed under the Carbon Transition Program, and the Risk Committee set up under the Board of Directors is kept regularly informed about climate-related risks and opportunities. The details of the Carbon Transition Program management structure can be found in the Sustainability section.

ii) Other Strategic Risks: Other strategic risks relate to the demand for the Company's products and services, market regulations as well as factors that affect market share such as competition, technological changes, and consumer trends and product innovation.

The most effective way to reduce risks defined to sales is to diversify markets sectorally and geographically. As a long-term risk management strategy, Koç Holding is increasing both its sectoral and geographical diversification. In the short term, macroeconomic and sector specific developments are monitored centrally by the president of each group. Koç Holding's strong presence and diversified business lines in the national economy enables it to recognize market changes early and take rapid and coordinated measures.

## 3. Operational Risks

i) Cyber Risks: Cyber risks, which are critical with respect to the management of operational risks, cover breach of data integrity in the technology and infrastructure where data are stored, transferred or processed, failure to ensure business continuity and data leaks. In addition to achieving regulatory compliance in this respect, international cyber security standards are monitored, risks are analyzed and necessary controls are implemented. Information Technology Security Committee works towards mitigating cyber risks through establishing common cyber security standards applicable across the Koç Group, creating risk corrective controls, and triggering the incident response process in case of cyber incidents. Cyber risks are included in the senior management's agenda so that they can provide the necessary support and guidance, and the process is followed up through regular reporting and auditing functions. Potential risks are identified in advance by way of cyber threat reports and the risk is transferred through cyber risk insurance that covers the Koç Group companies.

ii) Other Operational Risks: Other operational risks include incidents that affect the Company's operations such as earthquakes, fires and environmental accidents, as well as the integrity of its internal systems and processes. Insurable risks are frequently re-assessed and transferred out of the Group based on a cost-benefit analysis. The risk and fraud audit of financial and operational processes are periodically performed at the Koç Group companies.

#### 4. Compliance Risks and Legal Risks

Koç Holding has developed various systems against potential legal and compliance risks. Some examples of these systems, which are designed for creating a common database and early warning purposes, include the intellectual property rights management program, legal compliance test (in Turkish: HUY) and practices under the compliance program.

There are six main risk headings under the Koç Holding Compliance Program: competition law, protection of data privacy, human rights violations, laundering proceeds from crime, international sanctions and export controls, and anti-bribery and anti-corruption. There are policies in place for the prevention and early detection of risks and for duly responding to the risks that materialize.

Compliance teams have been assigned at the Group companies for analyzing compliance risks with a systematic approach, and various processes including third-party controls and sanction list screenings were introduced. In addition, commencement of systematic compliance risk analyses served to reinforce identification and prevention mechanisms for potential compliance risks. The Ethics Hotline, which is developed for establishing violations of the legislation in force, Code of Ethics and other compliance policies, is open for use by, first and foremost, all the Koç Group employees, as well as the Koç Group business partners and all the Koç Group stakeholders all over the world. The Ethics Hotline is available in more than 50 countries, in 34 languages online and in 19 languages over the phone. Support is provided from independent service providers for the ethics hotline service that allows unanimous reporting, and the Group's employees are protected against potential retaliation in connection with their reports.

Please refer to pages 68-69 for further details about the Compliance Program.

#### Risk Management Committee Activities

In 2012, a Risk Management Committee was set up for the purpose of ensuring that the mechanisms to implement measures deemed necessary for early detection of risks and managing those risks are in place. The Committee is chaired by the independent Board member Mr. Peter Martyr since 12 April 2021. The other member of the Committee is the Board member, Ms. Caroline N. Koç.

The Committee evaluates Koç Holding risk management system and the principles of risk reporting, and analyzes the risk reports prepared within this framework, as well as making recommendations for measures to be taken to address matters that do not conform to designated limits in the Risk Management System. The Committee also assesses information security practices, monitors compliance risks, follows up related activities and evaluates sustainability risks. Reports and committee assessments are periodically provided to the Board of Directors.

The Committee held 6 meetings in 2023.

In its report dated 15 March 2024, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. stated that Koç Holding's early detection of risk systems and its Risk Management Committee are adequate in all major aspects within the framework of the provisions of Turkish Commercial Code (TCC) no. 378.

## Internal Control Systems and Audit

### Internal Control System and Internal Audit Activities

The objective of the Company's Internal Control System is to ensure operational effectiveness and productivity, financial reporting system reliability and compliance with legal regulations.

Independent from executive functions, the Audit Group reports directly to the Chairman of the Board. The Audit Group organization is composed of 30 audit professionals and it is responsible for the execution of internal audit activities and regular evaluation of the internal control system. Members of the Audit Group hold two CPA, five CIA, one CFE, two CRMA, and one CAMS certificates.

The audit approach encompasses financial audit, process audit, thematic audit, examinations and investigations. In audit activities, International Audit Standards and generally accepted audit principles and norms are taken into consideration. The activities are carried out according to the Audit Plan intended to provide reasonable assurance about the accuracy, effectiveness and efficiency of the Group Companies' processes and activities. In the course of the audits, the Audit Group also assesses social and environmental issues such as ethical compliance, occupational health and safety and energy efficiency as well as financial risks, process risks and opportunities.

On another front, the Audit Group ensures qualitative and quantitative capability of the Group companies internal audit functions. The Audit Group is responsible for the coordination of audit plans, the monitoring of audit activities and results, and the implementation of standard methodologies.

In relation to the tax management, the Audit Group extends support to Group companies for compliance with tax laws, provides briefings on changes in the tax legislation, provides guidance regarding the implications of new regulations for the Group companies, and provides support for tax audit and conflict management.

Audit reports covering the risks identified during the audits are submitted to the Senior Management and Chair of the Board. The management's actions based on reported findings and suggestions are assessed with respect to their adequacy and effectiveness through regular monitoring of findings. All these audit activities are quarterly delivered to the Audit Committee composed of two Independent Board Members.

### Information on Preparation of Consolidated Financial Statements

As a first step, Koç Holding Reporting Unit delivers "Financial Reporting Directives" to Group companies for the preparation of consolidated financial statements. Once financial data is reported by the Group companies through the "Hyperion KOCFR Application", Koç Holding Financial Reporting Unit examines the data whereupon it is transferred to the consolidated financial statements. The consolidated financial statements are audited by the Audit Committee, Internal Audit Group and independent audit company PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi.



# Independent Limited Assurance Report (Materiality Assessment)

## To the Management of Koç Holding Anonim Şirketi

We were engaged by Koç Holding Anonim Şirketi (hereinafter “Company” or “Koç Holding”) to provide limited assurance on the “Selected Information” as contained in the Reporting Guidelines of the Annual Report (hereinafter “the Report”).

## Scope and Boundary and Limitations

The scope of our assurance is limited to review of the Selected Information listed below:

- Koç Holding’s Materiality Assessment

Our assurance process was subject to the following limitations:

- Verification of the data or information provided at the Koç Holding’s Office in Istanbul and other locations stated in the Engagement Letter.
- Verification of data and information covered in the scope of work.

We have not been engaged to:

- Verify any statement indicating intention, opinion, belief and / or aspiration of Koç Holding
- Determining which, if any, recommendations should be implemented

## Management’s Responsibilities

Koç Holding’s Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Koç Holding’s internally developed criteria based on the ‘core’ option of GRI Standards as described in the Report, and the information and assertions contained within it; for determining the Koç Holding’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control system from which the reported performance information is derived.

The Management is responsible for preventing and detecting fraud and for identifying and ensuring that Koç Holding complies with laws and regulations applicable to its activities.

The Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

The Management is also responsible for the adherence to the AA1000 AccountAbility Principles of inclusivity, materiality, responsiveness, and impact as set forth in the AA1000 AccountAbility Principles Standard (AA1000AP, 2018).

## Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000. Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard required that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement. We also conducted our engagement in accordance with AA1000 Assurance Standard v3 (AA1000AS, 2020), issued by AccountAbility.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

# Independent Limited Assurance Report (Materiality Assessment)

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which is founded on fundamental principles on integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

## Procedures performed

A limited assurance engagement on Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews of management to gain an understanding of Koç Holding's processes for determining the material issues for Koç Holding's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Using the Reporting Guidelines of the Report to evaluate and measure the Selected Information;
- Evaluating the disclosure and presentation of the Selected Information in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Koç Holding.
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Koç Holding.
- Assessment of the level of adherence to the principles of inclusivity, materiality, responsiveness and impact set by AA1000AP Standards (2018) in the Report through the analysis of the contents of the Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a limited assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a limited assurance engagement been performed.

## Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information of the Report of Koç Holding for the year ended 31 December 2023 is not presented, in all material respects, in accordance with the Koç Holding's internally developed reporting criteria as explained in the Report including adherence to the AA1000AS of inclusivity, materiality, responsiveness and impact.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Koç Holding in connect with reporting to Koç Holding and for no other purpose or in any other context.

Under separate cover, we will provide Koç Holding management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

#### As per AA1000AS principles

##### In relation to the Inclusivity principle

Koç Holding has identified its key stakeholder groups based on the level of influence & impact the Company has on these stakeholder groups. Koç Holding has partnered with various external stakeholder groups with the objective of enhanced value creation. The key concerns by stakeholders and Koç Holding's response to these concerns have been fairly represented in the Report. Koç Holding can consider increasing the sample size increase the response rate and also improve the quality of the responses of the individual stakeholders for its next Annual Report and consider conducting an introductory workshop for key groups to ensure the quality of the responses.

##### In relation to the Materiality principle

Koç Holding has reported on their identified material issues across economic, environmental and social aspects. The methodology of materiality determination used for the Report considers the perspectives of senior representatives from various functions at Koç Holding and various stakeholder groups. The Company has responded to the material issues by disclosing its performance in the report. We are not aware of any matters that would lead us to believe that materiality determination approach does not provide a balanced representation of material issues concerning its sustainability performance.

##### In relation to the Responsiveness principle

Koç Holding has identified its various stakeholder groups and the engagement mechanism for each of them along with their concerns. Koç Holding responds to concerns-raised by stakeholder groups through structured engagement channels at periodic intervals. Koç Holding has also provided information on specific actions through disclosure of performance. Koç Holding can consider integrating the responses of the concerns for the identified material issues in the organization's sustainability strategy and overall governance strategy.

##### In relation to the Impact principle

Koç Holding discloses impacts generated through the response given in each material issue. Koç Holding communicates its sustainability performance through regular internal reporting throughout the year related to material sustainability topics. We are not aware of any matters that would lead us to believe that Koç Holding has not been measuring, monitoring and evaluating the impact it has on its broader ecosystem.

##### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Koç Holding, for any purpose or in any other context. Any party other than Koç Holding who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Koç Holding for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Şirin Soysal  
Partner

21 March 2024  
Istanbul

## Statement of Responsibility for Financial Statements

### STATEMENT OF RESPONSIBILITY PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II- 14.1. ON FINANCIAL REPORTING

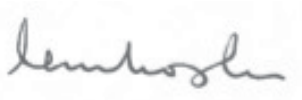
INFORMATION ON THE BOARD OF DIRECTOR'S RESOLUTION REGARDING THE APPROVAL OF THE FINANCIAL STATEMENTS  
RESOLUTION DATE: 15 March 2024  
RESOLUTION NUMBER: 06

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 01.01.2023 – 31.12.2023 under the CMB Financial Reporting Communique II.14.1. and the CMB resolution dated 28.12.2023 on application of inflation accounting in accordance with Turkish Financial Reporting Standards ("TFRS) and in line with the formats determined by the CMB,

- have been reviewed by us,
- do not contain any inaccuracy in all material respects and are free of omissions that may be regarded as misleading as of the issue date,
- The financial statements prepared in line with the Communique present fairly the assets, liabilities, financial position and the results of operations of the company as well as of the companies included in the scope of consolidation.

Regards,



Cem M. Kozlu  
Committee Chair



Emily K. Rafferty  
Committee Member



Polat Şen  
CFO

# Statement of Responsibility for Annual Report

## STATEMENT OF RESPONSIBILITY 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: 22 March 2024 RESOLUTION NUMBER: 10

Under the Capital Markets Board (CMB) Regulations; within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company, we hereby announce and declare that the attached Annual Report, which includes the Corporate Governance Compliance Report, the Corporate Governance Information Form and the CMB Sustainability Principles Compliance Report, for the year of 2023 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,



Cem M. Kozlu  
Committee Chair



Emily K. Rafferty  
Committee Member



Polat Şen  
CFO



# CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(Convenience translation into english of the Independent auditors' report and consolidated financial statements originally issued in Turkish)

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## INDEPENDENT AUDITOR'S REPORT



To the General Assembly of Koç Holding A.Ş.

### A. Audit of the Consolidated Financial Statements

#### 1. Opinion

We have audited the accompanying consolidated financial statements of Koç Holding A.Ş. ("Koç Holding" or the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2023 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, 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 adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation 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)

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Application of TAS 29, “Financial Reporting in Hyperinflationary Economies”</b></p> <p>The Group applied TAS 29 “Financial reporting in hyperinflationary economies” (“TAS 29”) in its consolidated financial statements as of and for the year ending 31 December 2023.</p> <p>According to TAS 29, the consolidated financial statements as of 31 December 2022 should be restated in accordance with 31 December 2023 purchasing power.</p> <p>Applying TAS 29 results in significant changes to financial statement items included in the Group’s consolidated financial statements as of and for the year ending 31 December 2023.</p> <p>The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.</p> <p>The Group’s accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.2.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29 “Financial reporting in hyperinflationary economies”:</p> <ul style="list-style-type: none"> <li>Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management,</li> <li>Verifying whether management’s determination of monetary and non-monetary items is in compliance with TAS 29,</li> <li>Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation,</li> <li>Verifying the general price index rates used in calculations correspond with the coefficients in the “Consumer Price Index in Turkey” published by the Turkish Statistical Institute,</li> <li>Testing the mathematical accuracy of the restatement non-monetary items, income statement, and cash flow statement to reflect the impact of inflation,</li> <li>Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li> </ul>
<p><b>Key audit matters</b></p> <p><b>Impairment tests of indefinite-life intangible assets</b></p> <p>The consolidated financial statements as of and for the year ending 31 December 2023 include goodwill and brands under intangible assets, with carrying values of TL 48.499 million and TL 13.711 million, respectively. While TL 41.177 million of the total goodwill is related to the energy segment, TL 8.385 million of the total brands is related to financial services segment, the rest of the goodwill and the brands are mostly related to the durable goods segment. These indefinite-life intangible assets should be tested for impairment annually, as required by TFRS.</p> <p>Relevant indefinite-life intangible assets in cash-generating units subject to impairment tests are material to the consolidated financial statements. In addition, significant judgments and estimates are used in the impairment tests performed by management. For goodwill impairment tests; these are earnings before interest, tax, depreciation and amortization (“EBITDA”) growth forecasts, long term growth rates and discount rates. In addition, royalty rates used in the relief from royalty method for the brand impairment tests are also key estimates. The outcomes of such estimates are very sensitive to changes in market conditions. Therefore, impairment tests of indefinite-life intangible assets are key matters for our audit.</p> <p>Please refer to notes 2.4, 2.5, 14 and 15 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.</p>	<p>We performed the following procedures in relation to the impairment tests of indefinite-life intangible assets:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of determination of the Cash Generating Units (“CGUs”) determined by management,</li> <li>Through discussions with the group management, understanding management’s performance and future plans for relevant segments and evaluating these in light of available macroeconomic data,</li> <li>Assessing reasonableness of forecasted cash flows for each CGU by comparing them against their historical financial performance,</li> <li>By the 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 considering market conditions,</li> <li>Testing the disclosures in the consolidated financial statements in relation to the impairment tests of indefinite-life intangible assets and evaluating the adequacy of such disclosures for TFRS’ requirements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### 3. Key Audit Matters (Continued)

<i>Key audit matters</i>	<i>How our audit addressed the key audit matter</i>
<p><b>Yapı ve Kredi Bankası A.Ş. ("YKB") - Impairment of loans and receivables</b></p> <p>Consolidated financial statements as of 31 December 2023 include a provision for impairment amounting to TL 41.230 million in relation to loans and gross receivables of YKB which is TL 986.301 million in total. Aforementioned amounts represent a significant portion of the YKB's and Koç Holding's consolidated assets.</p> <p>Impairment of loans and receivables of YKB is considered as a key matter for audit of the consolidated financial statements due to:</p> <ul style="list-style-type: none"> <li>• Complexity of estimates and information used in the impairment assessment such as historical loss experiences, current conditions, forward looking macro-economic expectations,</li> <li>• Magnitude of loans and receivables,</li> <li>• Classification of loans as per their credit risk (staging) within the framework of TFRS 9,</li> <li>• Timely and correct identification of default event, significant increase in credit risk and level of judgements and estimations made by the management.</li> <li>• Please refer to notes 2.4, 2.5, 10, 31 and 34 to the consolidated financial statements for the accounting policy and the relevant disclosures.</li> </ul>	<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 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 forward-looking expectations (including macroeconomic factors),</li> <li>• Through involvement of our financial risk experts, assessment and testing of the reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used,</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> </ul>

## 3. Key Audit Matters (Continued)

<i>Key audit matters</i>	<i>How our audit addressed the key audit matter</i>
	<ul style="list-style-type: none"> <li>· Testing the calculation of the loss given default 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,</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>

## INDEPENDENT AUDITOR'S REPORT

### 3. Key Audit Matters (Continued)

<i>Key audit matters</i>	<i>How our audit addressed the key audit matter</i>
<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 2023 include a provision for Pension Fund liabilities of YKB in amounting to TL 10.028 million 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 19 to the consolidated financial statements for the accounting policy and the relevant disclosures.</p>	<p>Denetimimiz sırasında, söz konusu karşılıklara ilişkin aşağıdaki denetim prosedürleri uygulanmıştır:</p> <ul style="list-style-type: none"> <li>• Testing, on a sample basis, the accuracy of the employee data supplied by the YKB management to the external actuary firm for pension obligation calculation,</li> <li>• Verifying the existence and carrying 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 specialists, assessing the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the obligation,</li> <li>• Testing the adequacy of the disclosures in the consolidated financial statements in relation to the Pension Fund obligations.</li> </ul>

### 4. Other Matter

As explained in Note 2.1.4 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL"), at the official EUR and USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2023 for the consolidated financial statements 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.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITOR'S REPORT

### 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 2023 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 March 2024.

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



Cihan Harman, SMMM  
Independent Auditor

Istanbul, 15 March 2024

# KOÇ HOLDING A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY- 31 DECEMBER 2023

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## KOÇ HOLDİNG A.Ş. CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

	Notes	2023 Million EUR	2023 Million USD	Audited 2023 Million TL	Audited 2022 Million TL
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	5	8.885	9.831	289.405	249.825
Balances with the Central Bank of the Republic of Turkey	6	7.418	8.208	241.618	215.784
Financial assets	7	1.198	1.326	39.025	39.784
Trade receivables	9	4.403	4.872	143.442	122.923
- Related parties	9	340	376	11.081	9.048
- Third parties	9	4.063	4.496	132.361	113.875
Receivables from finance sector operations	10	21.393	23.672	696.869	683.339
Derivative instruments	11	321	356	10.467	15.604
Inventories	12	3.556	3.935	115.828	133.941
Other receivables	21	673	745	21.929	19.435
Other current assets	22	4.548	5.032	148.143	154.016
		52.395	57.977	1.706.726	1.634.651
Assets held for sale	24	173	192	5.652	215
<b>Total current assets</b>		<b>52.568</b>	<b>58.169</b>	<b>1.712.378</b>	<b>1.634.866</b>
<b>Non-current assets:</b>					
Financial assets	7	11.916	13.185	388.151	379.123
Investments accounted for using the equity method	8	2.120	2.345	69.044	52.819
Trade receivables	9	31	34	1.011	1.844
- Third parties	9	31	34	1.011	1.844
Receivables from finance sector operations	10	8.078	8.938	263.130	350.925
Derivative instruments	11	420	465	13.685	21.867
Investment properties		76	84	2.483	2.556
Property, plant and equipment	13	8.469	9.371	275.854	255.611
Intangible assets		2.966	3.281	96.602	95.140
- Goodwill	14	1.489	1.647	48.499	48.730
- Other intangible assets	15	1.477	1.634	48.103	46.410
Deferred tax assets	18	623	690	20.304	9.770
Other non-current assets	22	501	554	16.323	12.795
<b>Total non-current assets</b>		<b>35.200</b>	<b>38.947</b>	<b>1.146.587</b>	<b>1.182.450</b>
<b>Total assets</b>		<b>87.768</b>	<b>97.116</b>	<b>2.858.965</b>	<b>2.817.316</b>

<sup>(1)</sup> Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

These consolidated financial statements as of and for the year ended 31 December 2023 have been approved for issue by the Board of Directors ("BOD") on 15 March 2024. 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 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

	Notes	2023 Million EUR	2023 Million USD	Audited 2023 Million TL	Audited 2022 Million TL
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Short term borrowings	16	5.908	6.538	192.453	152.273
Short term portion of long-term borrowings	16	5.187	5.740	168.977	220.035
Trade payables	9	5.730	6.340	186.649	169.452
- Related parties	9	360	398	11.721	11.402
- Third parties	9	5.370	5.942	174.928	158.050
Payables of finance sector operations	17	34.567	38.249	1.125.971	1.165.279
Derivative instruments	11	120	132	3.893	12.247
Current income tax liabilities	18	223	247	7.274	9.377
Short term provisions	20	335	371	10.915	10.701
Other payables	21	928	1.027	30.239	20.957
Other current liabilities	22	4.152	4.594	135.295	127.823
		57.150	63.238	1.861.666	1.888.144
Liabilities related to assets held for sale	24	127	141	4.147	-
<b>Total current liabilities</b>		<b>57.277</b>	<b>63.379</b>	<b>1.865.813</b>	<b>1.888.144</b>
<b>Non-current liabilities:</b>					
Long term borrowings	16	7.595	8.404	247.393	251.440
Payables of finance sector operations	17	311	344	10.118	8.629
Derivative instruments	11	298	330	9.701	13.210
Deferred tax liabilities	18	466	516	15.179	11.810
Long term provisions		815	902	26.563	24.106
- Long term provisions for employee benefits	19	659	729	21.472	18.823
- Other long-term provisions	20	156	173	5.091	5.283
Other non-current liabilities	22	305	337	9.926	10.044
<b>Total non-current liabilities</b>		<b>9.790</b>	<b>10.833</b>	<b>318.880</b>	<b>319.239</b>
<b>Total liabilities</b>		<b>67.067</b>	<b>74.212</b>	<b>2.184.693</b>	<b>2.207.383</b>
<b>Equity:</b>					
Paid-in share capital	23	78	86	2.536	2.536
Adjustment to share capital	23	1.442	1.595	46.957	46.957
Treasury shares	23	(2)	(2)	(62)	(62)
Share premium	23	7	8	229	229
Other comprehensive income/(expense) not to be reclassified to profit or loss	23	(234)	(259)	(7.622)	(4.738)
Other comprehensive income/(expense) to be reclassified to profit or loss	23	350	387	11.401	27.904
Restricted reserves	23	324	358	10.549	5.048
Prior years' income		8.243	9.121	268.511	215.209
Profit for the period		2.218	2.454	72.230	72.662
Equity holders of the parent		12.426	13.748	404.729	365.745
Non-controlling interests		8.275	9.156	269.543	244.188
<b>Total equity</b>		<b>20.701</b>	<b>22.904</b>	<b>674.272</b>	<b>609.933</b>
<b>Total liabilities and equity</b>		<b>87.768</b>	<b>97.116</b>	<b>2.858.965</b>	<b>2.817.316</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 effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

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 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

	Notes	2023 Million EUR	2023 Million USD	Audited 2023 Million TL	Audited 2022 Million TL
Revenue	25	37.423	41.410	1.219.023	1.399.472
Revenue from finance sector operations	25	11.838	13.099	385.624	316.470
<b>Total revenue</b>	<b>4</b>	<b>49.261</b>	<b>54.509</b>	<b>1.604.647</b>	<b>1.715.942</b>
Cost of sales	26	(30.575)	(33.832)	(995.950)	(1.185.516)
Cost of finance sector operations	26	(7.124)	(7.883)	(232.050)	(125.483)
<b>Total costs</b>		<b>(37.699)</b>	<b>(41.715)</b>	<b>(1.228.000)</b>	<b>(1.310.999)</b>
Gross profit (non-finance)		6.848	7.578	223.073	213.956
Gross profit (finance)		4.714	5.216	153.574	190.987
<b>Gross profit</b>		<b>11.562</b>	<b>12.794</b>	<b>376.647</b>	<b>404.943</b>
Marketing expenses	26	(2.058)	(2.277)	(67.037)	(64.718)
General administrative expenses	26	(2.694)	(2.981)	(87.760)	(69.741)
Research and development expenses	26	(100)	(110)	(3.245)	(2.830)
Other operating income	27	1.175	1.300	38.273	30.260
Other operating expenses	27	(1.994)	(2.207)	(64.942)	(73.325)
Share of profit/loss of investments accounted for using the equity method	8	943	1.044	30.720	16.157
<b>Operating profit</b>	<b>4</b>	<b>6.834</b>	<b>7.563</b>	<b>222.656</b>	<b>240.746</b>
Gains from investment activities	28	40	44	1.301	3.950
Losses from investment activities	28	(4)	(4)	(130)	(262)
<b>Operating profit before financial income/(expense)</b>		<b>6.870</b>	<b>7.603</b>	<b>223.827</b>	<b>244.434</b>
Financial income	29	2.198	2.432	71.599	55.796
Financial expense	29	(2.954)	(3.266)	(96.176)	(92.076)
Net monetary position gains/(losses)		(1.429)	(1.581)	(46.555)	(24.588)
<b>Profit before tax</b>	<b>4</b>	<b>4.685</b>	<b>5.188</b>	<b>152.695</b>	<b>183.566</b>
<b>Tax expense</b>		<b>(1.074)</b>	<b>(1.187)</b>	<b>(34.962)</b>	<b>(53.990)</b>
- Current income tax expense	18	(961)	(1.063)	(31.292)	(49.564)
- Deferred tax expense	18	(113)	(124)	(3.670)	(4.426)
<b>Profit for the period</b>		<b>3.611</b>	<b>4.001</b>	<b>117.733</b>	<b>129.576</b>
<b>Attributable to:</b>					
Non-controlling interests	4	1.397	1.546	45.503	56.914
<b>Equity holders of the parent</b>	<b>4</b>	<b>2.214</b>	<b>2.455</b>	<b>72.230</b>	<b>72.662</b>
<b>Earnings per share (Kr)</b>	<b>36</b>			<b>28,493</b>	<b>28,663</b>

EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

The accompanying notes form an integral part of these consolidated financial statements.

## KOÇ HOLDING A.Ş. CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

	2023 Million EUR	2023 Million USD	Audited 2023 Million TL	Audited 2022 Million TL
<b>Profit for the period</b>	<b>3.611</b>	<b>4.001</b>	<b>117.733</b>	<b>129.576</b>
<b>Other comprehensive income:</b>				
<b>Items not to be reclassified to profit/loss</b>	<b>(248)</b>	<b>(274)</b>	<b>(8.074)</b>	<b>(9.428)</b>
Gains/(losses) on remeasurements of defined benefit plans	(258)	(285)	(8.392)	(8.336)
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	10	11	318	(1.092)
<b>Taxes relating to other comprehensive income not to be reclassified to profit/(loss)</b>	<b>63</b>	<b>70</b>	<b>2.059</b>	<b>1.804</b>
Gains/(losses) on remeasurements of defined benefit plans, tax effect	63	70	2.059	1.804
<b>Items to be reclassified to profit/loss</b>	<b>(950)</b>	<b>(1.051)</b>	<b>(30.915)</b>	<b>25.314</b>
Currency translation differences	67	74	2.190	(8.486)
Gains/(losses) on financial assets measured at fair value through other comprehensive income	(477)	(528)	(15.538)	21.751
Gains/(losses) on hedges of net investments in foreign operations	(379)	(419)	(12.332)	(7.151)
Gains/(losses) on cash flow hedges	(18)	(20)	(581)	19.866
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	(143)	(158)	(4.654)	(666)
<b>Taxes relating to other comprehensive income to be reclassified to profit/loss</b>	<b>238</b>	<b>263</b>	<b>7.757</b>	<b>(8.474)</b>
Gains/(losses) on financial assets measured at fair value through other comprehensive income, tax effect	139	153	4.516	(5.473)
Gains/(losses) on hedges of net investments in foreign operations, tax effect	86	95	2.805	1.876
Gains/(losses) on cash flow hedges, tax effect	13	15	436	(4.877)
<b>Other comprehensive income</b>	<b>(897)</b>	<b>(992)</b>	<b>(29.173)</b>	<b>9.216</b>
<b>Total comprehensive income</b>	<b>2.714</b>	<b>3.009</b>	<b>88.560</b>	<b>138.792</b>
<b>Attributable to:</b>				
Non-controlling interest	1.048	1.160	34.135	63.000
<b>Equity holders of the parent</b>	<b>1.666</b>	<b>1.849</b>	<b>54.425</b>	<b>75.792</b>

<sup>(1)</sup> EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

The accompanying notes form an integral part of these consolidated financial statements.

## KOÇ HOLDİNG A.Ş. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

	Paid-in share capital	Adjustment to share capital	Treasury shares	Share premium	Items not to be reclassified to profit/loss
					Gains/(losses) on remeasurement of defined benefit plans
<b>Balances at 1 January 2022</b>	<b>2.536</b>	<b>46.957</b>	<b>(62)</b>	<b>229</b>	<b>-</b>
Transfers	-	-	-	-	-
Dividends paid	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	(229)
Total comprehensive income/(expense)	-	-	-	-	(4.509)
<b>Balances at 31 December 2022</b>	<b>2.536</b>	<b>46.957</b>	<b>(62)</b>	<b>229</b>	<b>(4.738)</b>
<b>Balances at 1 January 2023</b>	<b>2.536</b>	<b>46.957</b>	<b>(62)</b>	<b>229</b>	<b>(4.738)</b>
Transfers	-	-	-	-	-
Dividends paid	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	240
Total comprehensive income/(expense)	-	-	-	-	(3.124)
<b>Balances at 31 December 2023</b>	<b>2.536</b>	<b>46.957</b>	<b>(62)</b>	<b>229</b>	<b>(7.622)</b>

The accompanying notes form an integral part of these consolidated financial statements.

Items to be reclassified to profit/loss			Retained earnings						
Currency translation differences	Gains/(losses) on hedge	Gains/(losses) on financial assets measured at fair value through other comprehensive income	Restricted reserves	Prior years' income	Profit for the period	Equity holders of the parent	Non-controlling interests	Total equity	
22.725	(12.012)	2.806	4.729	194.663	-	262.571	228.595	491.166	
-	-	-	319	(319)	-	-	-	-	
-	-	-	-	(5.654)	-	(5.654)	(4.835)	(10.489)	
2.592	993	3.161	-	26.519	-	33.036	(42.572)	(9.536)	
(4.605)	4.466	7.778	-	-	72.662	75.792	63.000	138.792	
<b>20.712</b>	<b>(6.553)</b>	<b>13.745</b>	<b>5.048</b>	<b>215.209</b>	<b>72.662</b>	<b>365.745</b>	<b>244.188</b>	<b>609.933</b>	
<b>20.712</b>	<b>(6.553)</b>	<b>13.745</b>	<b>5.048</b>	<b>215.209</b>	<b>72.662</b>	<b>365.745</b>	<b>244.188</b>	<b>609.933</b>	
-	-	-	5.501	67.161	(72.662)	-	-	-	
-	-	-	-	(9.521)	-	(9.521)	(24.494)	(34.015)	
(1.093)	78	(807)	-	(4.338)	-	(5.920)	15.714	9.794	
919	(9.647)	(5.953)	-	-	72.230	54.425	34.135	88.560	
<b>20.538</b>	<b>(16.122)</b>	<b>6.985</b>	<b>10.549</b>	<b>268.511</b>	<b>72.230</b>	<b>404.729</b>	<b>269.543</b>	<b>674.272</b>	

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## KOÇ HOLDİNG A.Ş. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

	Notes	2023 Million EUR	2023 Million USD	Audited 2023 Million TL	Audited 2022 Million TL
<b>A. Cash Flows From Operating Activities:</b>					
Profit for the period		3.611	4.001	117.733	129.576
<b>Adjustments to reconcile profit for the period to cash generated from operating activities:</b>					
Tax expense/(income)	18	1.074	1.187	34.962	53.990
Undistributed profits of investments account for using the equity method	8	(943)	(1.044)	(30.720)	(16.157)
Depreciation and amortisation	4	940	1.040	30.612	25.457
Adjustments for provisions	37	92	102	2.990	9.153
Adjustments for impairment loss/(reversal of impairment loss)	37	903	999	29.403	35.098
Adjustments for non-finance sector interest (income)/expenses, net	29	225	250	7.354	19.725
Adjustments for finance sector interest (income)/expenses		(882)	(976)	(28.724)	(58.928)
Fair value losses/(gains) on derivative instruments		(341)	(377)	(11.112)	21.735
Fair value losses/(gains) on financial investments	28	(4)	(5)	(134)	(652)
Unrealised foreign exchange losses/(gains)		2.456	2.718	79.994	(28.547)
- Exchange (gains)/losses on borrowings, net		6.984	7.728	227.491	121.161
- Exchange (gains)/losses on cash and cash equivalents, net		(2.429)	(2.687)	(79.112)	(77.452)
- Exchange (gains)/losses on financial investments, net		(2.099)	(2.323)	(68.385)	(72.256)
Losses/(gains) on disposal of non-current assets	28	(12)	(13)	(386)	178
Losses/(gains) on disposal of financial investments	28	(8)	(9)	(269)	-
Adjustments for dividend income	28	(3)	(3)	(93)	(201)
Gain from bargain purchase	28	0	0	(3)	(2.677)
Changes in net working capital	37	1.006	1.109	32.658	(17.165)
Income taxes refund/(paid)		(995)	(1.101)	(32.405)	(44.333)
Dividends received from Joint Ventures and Associates, net	8	322	356	10.489	10.289
Monetary gain/loss		2.967	3.283	96.667	17.002
<b>Total cash flows from operating activities</b>		<b>10.408</b>	<b>11.517</b>	<b>339.016</b>	<b>153.543</b>
<b>B. Cash Flows From Investing Activities:</b>					
Cash outflows from purchases of property, plant and equipment and intangible assets	4	(2.096)	(2.319)	(68.275)	(50.276)
Cash inflows from sale of property, plant and equipment and intangible assets		478	529	15.572	15.139
Cash inflows from sale of shares of Subsidiaries without a change of control		259	287	8.446	-
Cash outflows from acquisition of interest/capital increase in financial assets		(89)	(99)	(2.901)	(547)
Cash outflows from acquisition of additional interest in Subsidiaries		(30)	(33)	(972)	(7.254)
Cash inflows/outflows from acquisition/payments to gain control of Subsidiaries, net		(64)	(70)	(2.069)	2.231
Cash outflows from capital increase of Joint Ventures	8	(11)	(12)	(347)	(899)
Cash inflows from sale of shares of financial assets		10	11	313	(296)
Dividends received	28	3	3	93	201
Other cash inflows/(outflows)		(3.540)	(3.918)	(115.323)	(43.937)
- Cash outflows from purchase/sale of financial assets measured at fair value through other comprehensive income and measured at amortised cost, net		(3.540)	(3.918)	(115.323)	(43.937)
<b>Total cash flows from investing activities</b>		<b>(5.080)</b>	<b>(5.621)</b>	<b>(165.463)</b>	<b>(85.638)</b>
<b>C. Cash Flows From Financing Activities:</b>					
Dividends paid		(1.044)	(1.155)	(34.015)	(10.489)
Cash inflows from borrowings	16	10.662	11.798	347.301	218.303
Cash outflows from repayments of borrowings	16	(10.025)	(11.093)	(326.554)	(161.804)
Cash inflows/(outflows) from derivative instruments, net		249	276	8.114	(23.969)
Cash outflows from payments of lease liabilities	16	(129)	(143)	(4.204)	(4.249)
Non-finance sectors interest paid		(758)	(839)	(24.706)	(24.263)
Non-finance sectors interest received		511	566	16.648	5.000
Cash outflows related to acquisition of own shares of Subsidiaries		-	-	-	(4.090)
<b>Total cash flows from financing activities</b>		<b>(534)</b>	<b>(590)</b>	<b>(17.416)</b>	<b>(5.561)</b>
Inflation effect on cash and cash equivalents		(5.426)	(6.004)	(176.733)	(174.284)
Effect of exchange rate changes on cash and cash equivalents		2.429	2.687	79.112	77.452
Net increase/(decrease) in cash and cash equivalents		1.797	1.989	58.516	(34.488)
Cash and cash equivalents at the beginning of the period		11.635	12.875	379.006	391.712
<b>Cash and cash equivalents at the end of the period</b>	<b>37</b>	<b>13.432</b>	<b>14.864</b>	<b>437.522</b>	<b>357.224</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 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

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 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Koç Holding A.Ş. ("Koç Holding") was established on 11 December 1963 in Turkey. Koç Holding's business activities include ensuring the establishment of participating in various companies and promoting the achievements of these companies; ensuring a more profitable, efficient management appropriate for current conditions and creating common service areas and therefore lightening the financial burden of these services on the companies.

Total end of period and average number of personnel employed by the Parent Company Koç Holding, its Subsidiaries and Joint Ventures (together referred as the "Group") by their categories are as follows:

	End of period		Average	
	2023	2022	2023	2022
Monthly paid	53.722	52.952	53.514	50.833
Hourly paid	65.656	61.725	66.018	60.080
<b>Total number of personnel</b>	<b>119.378</b>	<b>114.677</b>	<b>119.532</b>	<b>110.913</b>

The registered address of Koç Holding is as follows:

Nakkıştepe 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 ("BİST") since 10 January 1986. As of 31 December 2023, shareholding structure of Koç Holding is as follows:

	%
Companies owned by Koç Family members	45,15
Koç Family members	18,65
Vehbi Koç Vakfı	7,26
Koç Holding Emekli ve Yardım Sandığı Vakfı	2,35
Other <sup>(1)</sup>	26,59
	<b>100,00</b>

<sup>(1)</sup> Includes treasury shares of 0,04% as of 31 December 2023 (Note 23).

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durables
- Finance
- Other <sup>(1)</sup>

<sup>(1)</sup> 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 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

The subsidiaries ("Subsidiaries"), the joint ventures ("Joint Ventures") and the associates ("Associates") included in the consolidation scope of Koç Holding, their country of incorporation, nature of business and their respective business segments are as follows:

#### Energy Sector

Subsidiaries	Country of incorporation	Nature of business
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	Turkey	Marketing
Anadoluhisari Tankercilik A.Ş. ("Anadoluhisari Tankercilik")	Turkey	Petroleum Shipping
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim")	Turkey	Natural Gas
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış")	Turkey	Natural Gas
Bakırköy Tankercilik A.Ş. ("Bakırköy Tankercilik")	Turkey	Petroleum Shipping
Bal Kaynak Su İhracat İthalat San. ve Tic. A.Ş. ("Bal Kaynak Su")	Turkey	Trading of Water Products
Balat Tankercilik A.Ş. ("Balat Tankercilik") <sup>(1)</sup>	Turkey	Petroleum Shipping
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	Turkey	Petroleum Shipping
Çengelköy Tankercilik A.Ş. ("Çengelköy Tankercilik")	Turkey	Petroleum Shipping
Ditaş Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek")	Turkey	Power Generation
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. ("Enspire Enerji")	Turkey	Power Generation
Enkar Doğal Enerji Üretim ve Sanayi Ticaret A.Ş. ("Enkar Enerji") <sup>(2)</sup>	Turkey	Power Generation
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	Power Generation
Esinti Enerji Üretim Ticaret ve Sanayi A.Ş. ("Esinti Enerji") <sup>(2)</sup>	Turkey	Power Generation
Florya Tankercilik A.Ş. ("Florya Tankercilik") <sup>(1)</sup>	Turkey	Petroleum Shipping
Göztepe Tankercilik A.Ş. ("Göztepe Tankercilik")	Turkey	Petroleum Shipping
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik")	Turkey	Petroleum Shipping
Karaköy Tankercilik A.Ş. ("Karaköy Tankercilik")	Turkey	Petroleum Shipping
Karşıyaka Tankercilik A.Ş. ("Karşıyaka Tankercilik")	Turkey	Petroleum Shipping
Kartal Tankercilik A.Ş. ("Kartal Tankercilik")	Turkey	Petroleum Shipping
Körfez Ulaştırma A.Ş. ("Körfez")	Turkey	Air, Sea, Road and Railway Transportation
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik")	Turkey	Petroleum Shipping
Kuruçeşme Tankercilik A.Ş. ("Kuruçeşme Tankercilik")	Turkey	Petroleum Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik")	Turkey	Petroleum Shipping
Maltepe Tankercilik A.Ş. ("Maltepe Tankercilik")	Turkey	Petroleum Shipping
Menzelet Kılavuzlu Elektrik Üretimi A.Ş. ("Menzelet Kılavuzlu Elektrik")	Turkey	Power Generation
Pendik Tankercilik A.Ş. ("Pendik Tankercilik")	Turkey	Petroleum Shipping
Salacak Tankercilik A.Ş. ("Salacak Tankercilik")	Turkey	Petroleum Shipping
Sarıyer Tankercilik A.Ş. ("Sarıyer Tankercilik")	Turkey	Petroleum Shipping
Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo")	Turkey	Cargo Transport/Distribution
T Damla Denizcilik A.Ş. ("T Damla Denizcilik")	Turkey	Mooring and Tug Service
Tarabya Tankercilik A.Ş. ("Tarabya Tankercilik") <sup>(1)</sup>	Turkey	Petroleum Shipping
Tuzla Tankercilik A.Ş. ("Tuzla Tankercilik")	Turkey	Petroleum Shipping
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Tüpraş Enerji Girişimleri A.Ş. ("Tüpraş Ventures")	Turkey	Technology and Venture Investments
Tüpraş Trading Ltd. ("Tüpraş Trading")	The UK	Petroleum Products Trading
Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")	Turkey	Petroleum Shipping



## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

#### Energy Sector (Continued)

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Güney Tankercilik A.Ş. ("Güney Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Kuzey Tankercilik A.Ş. ("Kuzey Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Opet Aygaz Gayrimenkul A.Ş. ("Opet Aygaz Gayrimenkul")	Öztürk Family	Turkey	Real Estate
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. ("Opet Fuchs")	Fuchs Petrolub SE	Turkey	Lubricant Trading
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. ("Opet Market ve Akaryakıt")	Öztürk Family	Turkey	Petroleum Products Trading and Retail
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	Netherlands	Petroleum Products Trading
Tasfiye Halinde Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore") <sup>(3)</sup>	Öztürk Family	Singapore	Petroleum Products Trading
THY Opet Havacılık Yakıtları A.Ş. ("THY Opet")	Türk Hava Yolları	Turkey	Petroleum Products Trading
United LPG Ltd. ("United LPG") <sup>(4)</sup>	United Enterprises & Co. Ltd.	Bangladesh	LPG Supply, Filling and Distribution

<sup>(1)</sup> Established in 2023.

<sup>(2)</sup> Acquired in 2023 (Note 3).

<sup>(3)</sup> In the process of liquidation.

<sup>(4)</sup> Aygaz acquired 50% of United LPG shares in 2021. With the Shareholders Agreement signed on 20 January 2021, the title of the joint venture company was decided to be United Aygaz LPG Ltd. which has been effective as of 14 February 2023 following the completion of the necessary approvals.

Süloğlu Elektrik Üretimi A.Ş. ("Süloğlu Elektrik") merged with Entek on 2023 November by the acquisition of all of its assets and liabilities by Entek Elektrik Üretimi A.Ş. ("Entek").

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

#### Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Cronus Finance D.A.C. ("Cronus Finance") <sup>(1)</sup>	Ireland	Special Purpose Company
Icarus Finance D.A.C. ("Icarus Finance") <sup>(1)</sup>	Ireland	Special Purpose Company
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 Italia SRL ("Otokar Italia") <sup>(2)</sup>	Italia	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")	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 Kazakistan LLP ("Otokoç Kazakistan")	Kazakhstan	Car Rental
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Al Jasoor Heavy Vehicle Industry LLC ("Al Jasoor")	Tawazun	UAE	Sales and Marketing
Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")	Stellantis N.V.	Turkey	Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Deutschland Holding Gmbh	Turkey	Production
Ford Otosan Netherlands B.V. ("Ford Netherlands")	Ford Deutschland Holding Gmbh	Netherlands	Sales and Marketing
Ford Romania SRL ("Ford Romania")	Ford Deutschland Holding Gmbh	Romania	Production
Koç Fiat Kredi Finansman A.Ş. ("Fiat Finans")	Stellantis N.V.	Turkey	Consumer Finance
Koç Fiat Sigorta Aracılık Hizmetleri A.Ş. ("Koç Fiat Sigorta")	Stellantis N.V.	Turkey	Insurance
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Stellantis N.V.	Turkey	Production
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	CNH Osterreich Gmbh	Turkey	Production

<sup>(1)</sup> Although Otokoç has no shareholding interest, the special purpose company established for securitisation transactions is included in the scope of consolidation.

<sup>(2)</sup> Otokar, a Subsidiary of the Group, acquired all the shares of Mauri Bus System S.R.L. on 12 September 2023, which was its distributor until that date. Following the acquisition, the title of the company was changed as Otokar Italia S.R.L.

# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

##### Consumer Durables Sector

Subsidiaries	Country of incorporation	Nature of business
Arçelik A.Ş. ("Arçelik")	Turkey	Production/Sales
Arçelik Hitachi Home Appliances B.V. ("Arçelik Hitachi")	Netherlands	Holding
Arçelik Hitachi Home Appliances IBC Co. Ltd. ("Arçelik Hitachi Thailand IBC")	Thailand	Services
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd. ("Arçelik Hitachi Shanghai")	China	Production/Sales
Arçelik Hitachi Home Appliances (Thailand) Ltd. ("Arçelik Hitachi Thailand")	Thailand	Production/Sales
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd. ("Arçelik Hitachi Singapore")	Singapore	Sales
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd. ("Arçelik Hitachi Sales Thailand")	Thailand	Sales
Arçelik Hitachi Home Appliances Sales (Malaysia) Sdn. Bhd. ("Arçelik Hitachi Malaysia")	Malaysia	Sales
Arçelik Hitachi Home Appliances Sales (Middle East) Fze ("Arçelik Hitachi Dubai")	UAE	Sales
Arçelik Hitachi Home Appliances Sales (Vietnam) Co., Ltd. ("Arçelik Hitachi Vietnam")	Vietnam	Sales
Arçelik Hitachi Home Appliances Sales (Hong Kong) Limited ("Arçelik Hitachi Hong Kong")	Hong Kong, China	Sales
Arçelik Hitachi Taiwan Home Appliances Sales Ltd. ("Arçelik Hitachi Taiwan")	Taiwan	Sales
Arçelik Pazarlama A.Ş. ("Arçelik Pazarlama")	Turkey	Service/Sales/Marketing
Arch R&D Co. Ltd. ("Arch R&D")	China	R&D
Arcwaste Collection SRL ("Arcwaste")	Romania	Services
Beko A and NZ Pty Ltd. ("Beko Australia")	Australia	Sales
Beko A and NZ Pty Ltd. New Zealand Branch ("Beko New Zealand")	New Zealand	Sales
Beko Algeria EURL ("Beko Algeria")	Algeria	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 Austria AG ("Beko Austria") <sup>(1)</sup>	Austria	Sales
Beko Azerbaijan MMC ("Beko Azerbaijan")	Azerbaijan	Sales
Beko Balkans D.O.O ("Beko Balkans")	Serbia	Sales
Beko Bangladesh B.V. ("Beko Bangladesh") <sup>(1)</sup>	Netherlands	Holding
Beko Belgium N.V. ("Beko Belgium") <sup>(2)</sup>	Belgium	Sales
Beko B.V. ("Beko B.V.") <sup>(1)</sup>	Netherlands	Holding
Beko B.V. Taiwan ("Beko B.V. Taiwan") <sup>(1)</sup>	Taiwan	Procurement
Beko Central Asia LLC ("Beko Central Asia")	Kazakhstan	Sales
Beko Cesko ("Beko Cesko") <sup>(3)</sup>	Czechia	-
Beko Croatia d.o.o. ("Beko Croatia") <sup>(4)</sup>	Croatia	Sales
Beko Egypt Home Appliances Industries LLC ("Beko Egypt LLC")	Egypt	Production/Sales
Beko Egypt Trading LLC ("Beko Egypt")	Egypt	Sales
Beko Europe B.V. ("Beko Europe") <sup>(3)</sup>	Netherlands	Holding
Beko France S.A.S. ("Beko France")	France	Sales
Beko Germany GmbH ("Beko Germany") <sup>(1)</sup>	Germany	Sales
Beko Greece SMSA ("Beko Greece") <sup>(1)</sup>	Greece	Sales
Beko Gulf FZE ("Beko Gulf")	UAE	Sales
Beko Hong Kong Ltd. ("Beko Hong Kong")	Hong Kong, China	Procurement
Beko Hungary Kft ("Beko Hungary")	Hungary	Sales
Beko Israel Household Appliances Ltd. ("Beko Israel")	Israel	Marketing
Beko Italy SRL ("Beko Italy")	Italy	Sales
Beko LLC. ("Beko Russia")	Russia	Production/Sales
Beko Morocco Household Appliances SARL ("Beko Morocco")	Morocco	Sales
Beko Netherlands B.V. ("Beko Netherlands") <sup>(2)</sup>	Netherlands	Sales
Beko Nordic AB. ("Beko Sweden") <sup>(1)</sup>	Sweden	Sales
Beko Nordic AB, Finland Branch of Nordic AB ("Beko Finland") <sup>(4)</sup>	Finland	Sales
Beko Nordic AS ("Beko Norway") <sup>(1)</sup>	Norway	Sales
Beko Nordic AS, Denmark Branch of Beko Nordic AS ("Beko Denmark") <sup>(4)</sup>	Denmark	Sales
Beko Pilipinas Corporation ("Beko Philippines")	Philippines	Sales
Beko Plc. ("Beko UK")	The UK	Sales
Beko Plc. ("Beko Ireland")	Ireland	Sales
Beko Portugal, Unipessoal LDA ("Beko Portugal") <sup>(1)</sup>	Portugal	Sales
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales
Beko Spain Electronics S.L. ("Beko Espana") <sup>(4)</sup>	Spain	Sales
Beko Switzerland GmbH ("Beko Switzerland") <sup>(1)</sup>	Switzerland	Sales

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

#### Consumer Durables Sector (Continued)

Subsidiaries	Country of incorporation	Nature of business
Beko S.A. ("Beko Polska")	Poland	Sales
Beko S.A. Czech Republic ("Beko Czech") <sup>(1)</sup>	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 Appliacnes (Proprietary) Limited ("Defy")	South Africa	Production/Sales
Defy (Botswana) (Proprietary) Limited ("Defy Botswana")	Botswana	Sales
Defy (Namibia) (Proprietary) Limited ("Defy Namibia")	Namibia	Sales
Defy Sales East Africa Limited ("Defy Kenya")	Kenya	Sales
Defy (Swaziland) (Proprietary) Limited ("Defy Swaziland")	Swaziland	Sales
DEL Electronics (Pvt.) Ltd. ("DEL")	Pakistan	Sales
Grundig Intermedia Ges.m.b.H ("Grundig Austria") <sup>(3)</sup>	Austria	-
Grundig Multimedia A.G. ("Grundig Switzerland")	Switzerland	Sales
IHP Appliances Sales LLC ("IHP Appliances Sales")	Russia	Sales
IHP Appliances JSC ("IHP Appliances JSC")	Russia	Production/Sales
IHP Kazakhstan LLP ("IHP Kazakhstan LLP")	Kazakhstan	Sales
Life Tech Trading DMCC ("Life Tech")	UAE	Sales
Pan Asia Private Equity Ltd. ("Pan Asia")	British Virgin Islands	Holding
PT Arçelik Hitachi Home Appliances Sales Indonesia ("Arçelik Hitachi Indonesia")	Indonesia	Sales
PT Home Appliances Indonesia ("PT Home")	Indonesia	Sales
SC Arctic SA ("Arctic")	Romania	Production/Sales
Singer Bangladesh Limited ("Singer Bangladesh")	Bangladesh	Production/Sales
United Refrigeration Industries Ltd. ("United Refrigeration")	Pakistan	Production/Sales
Vietbeko Limited Liability Company ("Vietbeko")	Vietnam	Sales
Wat Mobilite Çözümleri Teknoloji ve Ticaret A.Ş. ("Wat Mobilite")	Turkey	Sales
Wat Motor San. ve Tic. A.Ş. ("Wat Motor")	Turkey	Production/Sales

# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

##### Consumer Durables Sector (Continued)

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

<sup>(1)</sup> The title changes of the related companies were registered in 2023.

<sup>(2)</sup> Entire shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (The Netherlands) were acquired in 2023. Following the transaction, the titles of the companies were changed as Beko Belgium N.V. and Beko Netherlands B.V. (Note 3).

<sup>(3)</sup> Non-operational companies as of the balance sheet date.

<sup>(4)</sup> The title changes of the related companies were registered in 2024.

<sup>(5)</sup> Established in 2023.

##### Finance Sector

Subsidiaries	Country of incorporation	Nature of business
KF Sigorta Aracılık Hizmetleri A.Ş. ("KF Sigorta") <sup>(1)</sup>	Turkey	Insurance
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	Turkey	Holding
Koç Finansman A.Ş. ("Koç Finansman")	Turkey	Consumer Finance
Stiching Custody Services YKB ("Stiching Custody")	Netherlands	Custody
Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaycan")	Azerbaijan	Banking
Yapı Kredi Bankası Nederland N.V. ("Yapı Kredi Nederland")	Netherlands	Banking
Yapı Kredi Diversified Payment Rights Finance Company ("Yapı Kredi SPC") <sup>(2)</sup>	Cayman Islands	Special Purpose
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	Turkey	Leasing
Yapı Kredi Holding B.V. ("Yapı Kredi Holding")	Netherlands	Financial Consulting
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Turkey	Portfolio Management
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Yatırım")	Turkey	Brokerage
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")	Turkey	Banking

Associates	Country of incorporation	Nature of Business
Allianz Yaşam ve Emeklilik A.Ş. ("Allianz Emeklilik")	Turkey	Insurance
Banque de Commerce et de Placements S.A. ("Banque de Commerce")	Switzerland	Banking

<sup>(1)</sup> Subsidiary of Koç Finansman and included in the scope of consolidation in 2023.

<sup>(2)</sup> Although Yapı Kredi Bankası has no shareholding interest, the special purpose company established for securitisation transactions is included in the scope of consolidation.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

#### Other Sectors

Subsidiaries		Country of incorporation	Nature of business
Ayvalık Marina ve Yat İşletmeciliği San. Ve Tic. A.Ş. ("Ayvalık Marina")		Turkey	Tourism
Divan Turizm İşletmeleri A.Ş. ("Divan")		Turkey	Tourism
Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey")		Turkey	Trading
Entegart Teknoloji Çözümleri ve Hizmetleri A.Ş. ("Entegart")		Turkey	Technology
Koç Bilgi ve Savunma Teknolojileri A.Ş. ("Koç Bilgi ve Savunma")		Turkey	Technology
KoçDigital Çözümler A.Ş. ("KoçDigital")		Turkey	Technology
Koç Investments B.V. ("Koç Investments")		Netherlands	Investment
KoçSistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")		Turkey	Technology
KoçSistem Azerbaijan LLC ("Koç Sistem Azerbaijan")		Azerbaijan	Technology
Koç Yapı Malzemeleri Ticaret A.Ş. ("Koç Yapı Malzeme")		Turkey	Trading
Marmaris Altinyunus Turistik Tesisleri A.Ş. ("Mares")		Turkey	Tourism
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")		Turkey	Foreign Trade
RMK Marine Gemi Yapım Sanayi ve Deniz Taş. İşl. A.Ş. ("RMK Marine")		Turkey	Ship Construction
Select Tours AT ("Select Tours") (1)		Austria	Tourism
Setur Antalya Marina İşletmeciliği A.Ş. ("Antalya Marina")		Turkey	Tourism
Setur GmbH ("Setur GmbH") (1)		Germany	Duty Free
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") (2)		Turkey	Food
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")		Turkey	Tourism
Token Azerbaijan MMC ("Token Azerbaijan")		Azerbaijan	Payment Services
Token Finansal Teknolojiler A.Ş. ("Token")		Turkey	Information Technologies
Token Ödeme Hizmetleri ve Elektronik Para A.Ş. ("Token Ödeme Hizmetleri")		Turkey	Payment Services
Token International Holdings B.V. ("Token International")		Netherlands	Holding
Token Payment Services SRL ("Token Payment")		Romania	Payment Services
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer Ticaret")		Turkey	Trading
Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Ingage Dijital Pazarlama Hizmetleri A.Ş. ("Ingage")	Russell Square Holding	Turkey	Digital Marketing
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market")	Kingfisher Plc	Turkey	Retail
Makmarin Kaş Marina İşl. Turizm ve Tic. A.Ş. ("Kaş Marina")	Makyol İnşaat	Turkey	Tourism
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Torunlar GYO A.Ş.	Turkey	Tourism

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).

<sup>(1)</sup> Included in the scope of consolidation in 2023.

<sup>(2)</sup> The sale of Tat Gıda shares was completed on 19 February 2024 (Note 38).

# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 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" 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 Financial reporting in hyperinflationary economies

Pursuant to the decision of the CMB dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that entities applying TFRS to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. In accordance with the aforementioned CMB decision and the announcement made by POA on 23 November 2023 and the "Guidance on Financial Reporting in Hyperinflationary Economies", the Group has prepared the consolidated financial statements as of 31 December 2023 by applying TAS 29. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

As of 31 December 2023, the indices and adjustment coefficients which obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK) and used in the adjustment of the consolidated financial statements for the current and prior periods since 1 January 2005, the date on which TL ceased to be designated as the currency of a hyperinflationary economy, are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1.859,38	1,00000	268%
31 December 2022	1.128,45	1,64773	156%
31 December 2021	686,95	2,70672	74%

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The main factors regarding financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TL are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities (such as cash and cash equivalents, trade receivables and payables, receivables and payables from financial sector operations, borrowings) are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items (such as inventories, property, plant and equipment, intangible assets, investment properties and equity items) exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recognized under net monetary gain/(loss) account in the consolidated income statement. The purchasing power of companies carrying more monetary assets than monetary liabilities weakens with inflation, while the purchasing power of companies carrying more monetary liabilities than monetary assets increases with inflation. Net monetary position gain or loss is derived from the restatement differences of non-monetary items, shareholders' equity, items in the income statement and other comprehensive income statement and index-linked monetary assets and liabilities.

#### 2.1.3 Comparatives and adjustment of prior periods' financial statements

Comparative Information and Restatement of Prior Period Consolidated 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.

Comparative Figures

As explained in Note 2.1.2, figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the currency of the reporting period end. Information disclosed for prior periods is also expressed in the currency of the reporting period.

#### 2.1.4 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the consolidated financial tables prepared in accordance with the TFRS have been translated from TL, at the official EUR and USD bid rates announced by the CBRT effective as of 31 December 2023 of TL32,5739 = EUR1 and TL29,4382 = USD1, respectively and do not form part of these consolidated financial statements.

### 2.2 Amendments in International Financial Reporting Standards

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 31 December 2023 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2022 except for the new and amended TFRS standards which are valid as of 1 January 2023 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

#### Standards, amendments and interpretations effective as of 1 January 2023:

- TAS 1 - "Practice Statement 2" and narrow scope amendments to TAS 8
- TAS 12 - "Deferred tax related to assets and liabilities arising from a single transaction"
- TAS 12 - "International tax reform - Pillar Two Model Rules (Amendments)"

These amendments did not have any significant impact on the financial position or performance of the Group.



# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.2 Amendments in International Financial Reporting Standards (Continued)

###### Standards and amendments that are issued but not effective as of 31 December 2023:

- TFRS 16 - "Leases on sale and leaseback"
- TAS 1 - "Non-current liabilities with covenants (Amendments)"
- TAS 1 and TFRS 7 - "Supplier finance arrangements (Amendments)"
- TAS 21 - "Lack of Exchangeability"
- TSRS 1 - "General requirements for disclosure of sustainability-related financial information"
- TSRS 2 - "Climate-related disclosures"

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

##### 2.3 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group 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.

**b)** Subsidiaries are companies over which Koç Holding has the power to control the financial and operating policies for the benefit of Koç Holding, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and by certain Koç Family members or companies owned by them whereby Koç Holding exercises control over the ownership interest of the shares held by them and shares to be used according to Koç Holding preferences; or (b) although not having the power to exercise more than 50% of the ownership interest, Koç Holding has power to control the investee due to the dispersed capital structure of the investee and/or Koç Holding has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Koç Holding in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2023	2022	2023	2022	2023	2022	2023	2022
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 <sup>(1)</sup>	59,77	59,71	100,00	100,00	-	-	100,00	100,00
Arch R&D <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Arctic <sup>(2)</sup>	44,62	43,68	96,72	96,72	-	-	96,72	96,72
Arcwaste <sup>(2)</sup>	44,62	43,68	96,72	96,72	-	-	96,72	96,72
Arçelik <sup>(2)</sup>	46,13	45,16	51,62	50,75	11,42	11,42	63,04	62,17
Arçelik Hitachi <sup>(2)</sup>	27,68	27,10	60,00	60,00	-	-	60,00	60,00
Arçelik Hitachi Dubai <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Hong Kong <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Indonesia <sup>(2)</sup>	18,68	18,29	67,50	67,50	-	-	67,50	67,50
Arçelik Hitachi Malaysia <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Sales Thailand <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Shanghai <sup>(2)</sup>	26,29	25,74	95,00	95,00	-	-	95,00	95,00
Arçelik Hitachi Singapore <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Taiwan <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Thailand <sup>(2)</sup>	23,27	22,78	84,07	84,07	-	-	84,07	84,07
Arçelik Hitachi Thailand IBC <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Vietnam <sup>(2)</sup>	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Pazarlama <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Aygaz	40,68	40,68	40,68	40,68	10,53	10,53	51,21	51,21
Aygaz İletim	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Aygaz Toptan Satış	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Ayvalık Marina <sup>(1)</sup>	60,03	59,97	97,45	97,45	2,55	2,55	100,00	100,00
Bakırköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00

# KOÇ HOLDING A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2023	2022	2023	2022	2023	2022	2023	2022
Bal Kaynak Su	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Balat Tankercilik <sup>(3)</sup>	36,90	-	100,00	-	-	-	100,00	-
Beko Algeria <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko APAC <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Australia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Austria <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Azerbaijan <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Balkans <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Bangladesh <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Belgium <sup>(5)</sup>	46,13	-	100,00	-	-	-	100,00	-
Beko B.V. <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko B.V. Taiwan <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Central Asia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Cesko <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko China <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Croatia <sup>(2,5)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Czech <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Denmark <sup>(2,5)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Egypt <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Egypt LLC <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Espana <sup>(2,5)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Europe <sup>(3)</sup>	46,13	-	100,00	-	-	-	100,00	-
Beko Finland <sup>(2,5)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko France <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Germany <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Greece <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Gulf <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Hong Kong <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Hungary <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Indonesia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Ireland <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Israel <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Italy <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Malaysia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Morocco <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Netherlands <sup>(5)</sup>	46,13	-	100,00	-	-	-	100,00	-
Beko New Zealand <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Norway <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Philippines <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Polska <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Portugal <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Russia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Shanghai <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Slovakia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Sweden <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Switzerland <sup>(2,4)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Thailand <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko UK <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Ukraine <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko US <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beykoz Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Bilkom <sup>(7)</sup>	100,00	82,34	100,00	100,00	-	-	100,00	100,00
Çengelköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
DEL <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
DPL <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy Botswana <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy Kenya <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2023	2022	2023	2022	2023	2022	2023	2022
Defy Namibia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy Swaziland <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Ditaş	36,90	36,90	80,00	80,00	-	-	80,00	80,00
Divan <sup>(1)</sup>	40,16	40,13	51,77	51,77	48,23	48,23	100,00	100,00
Düzey	32,73	32,73	33,36	33,36	61,33	61,33	94,68	94,68
Eltek	45,77	45,77	100,00	100,00	-	-	100,00	100,00
Enerji Yatırımları	85,73	85,73	98,50	98,50	-	-	98,50	98,50
Enkar Enerji <sup>(9)</sup>	45,77	-	100,00	-	-	-	100,00	100,00
Enspire Enerji	45,77	45,77	100,00	100,00	-	-	100,00	100,00
Entegart <sup>(1,2)</sup>	73,49	70,44	100,00	100,00	-	-	100,00	100,00
Entek	45,77	45,77	99,23	99,23	-	-	99,23	99,23
Esinti Enerji <sup>(9)</sup>	38,56	-	85,90	-	-	-	85,90	-
Florya Tankercilik <sup>(3)</sup>	36,90	-	100,00	-	-	-	100,00	-
Göztepe Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Grundig Austria <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Grundig Switzerland <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
IHP Appliances Sales <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
IHP Appliances JSC <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
IHP Kazakistan <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Kadıköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Kandıllı Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Karaköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Karşıyaka Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Kartal Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
KF Sigorta <sup>(2,9)</sup>	72,87	72,41	100,00	100,00	-	-	100,00	100,00
Koç Bilgi ve Savunma <sup>(1,2)</sup>	63,24	60,33	92,24	92,24	7,76	7,76	100,00	100,00
Koç Finansal Hizmetler	86,62	86,62	89,70	89,70	5,96	5,96	95,66	95,66
Koç Finansman <sup>(2)</sup>	72,87	72,41	100,00	100,00	-	-	100,00	100,00
Koç Investments B.V.	55,00	55,00	55,00	55,00	45,00	45,00	100,00	100,00
KoçDigital <sup>(1)</sup>	48,39	41,15	100,00	100,00	-	-	100,00	100,00
KoçSistem <sup>(1)</sup>	48,39	41,15	48,43	41,18	46,62	53,17	95,05	94,35
KoçSistem Azerbaycan <sup>(1)</sup>	48,39	41,15	100,00	100,00	-	-	100,00	100,00
Koç Yapı Malzeme	49,21	49,21	49,21	49,21	47,62	47,62	96,84	96,84
Körfez	46,12	46,12	100,00	100,00	-	-	100,00	100,00
Kuleli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Kuruçesme Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Kuzguncuk Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Life Tech <sup>(7)</sup>	100,00	82,34	100,00	100,00	-	-	100,00	100,00
Maltepe Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Mares <sup>(9)</sup>	49,98	38,64	49,98	41,54	26,49	33,46	76,46	75,00
Menzelet Kılavuzlu Elektrik	45,77	45,77	100,00	100,00	-	-	100,00	100,00
Olympic	57,27	57,27	100,00	100,00	-	-	100,00	100,00
Otokar <sup>(10)</sup>	44,90	44,90	44,92	44,92	2,70	2,70	47,62	47,62
Otokar Europe <sup>(10)</sup>	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar Europe Filialı <sup>(10)</sup>	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar İtalya <sup>(5,10)</sup>	44,90	-	100,00	-	-	-	100,00	-
Otokar Land Systems <sup>(10)</sup>	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	57,27	57,27	59,40	59,40	-	-	59,40	59,40
Otokoç Hungary	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Kazakistan	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Sigorta	48,23	48,23	50,02	50,02	49,98	49,98	100,00	100,00
Pan Asia <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Pendik Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
PT Home <sup>(2)</sup>	30,91	30,26	67,00	67,00	-	-	67,00	67,00
Ram Dış Ticaret <sup>(2)</sup>	59,60	59,28	83,45	83,45	14,66	14,66	98,11	98,11
RMK Marine <sup>(1)</sup>	58,90	58,88	69,49	69,49	30,51	30,51	100,00	100,00

# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2023	2022	2023	2022	2023	2022	2023	2022
Salacak Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Sarıyer Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Select Tours <sup>(1,8)</sup>	35,10	35,01	75,00	75,00	-	-	75,00	75,00
Sendeo	67,38	67,38	100,00	100,00	-	-	100,00	100,00
Setur <sup>(1)</sup>	46,80	46,68	81,13	81,13	18,87	18,87	100,00	100,00
Setur GmbH <sup>(1)</sup>	46,80	46,68	100,00	100,00	-	-	100,00	100,00
Singer Bangladesh <sup>(2)</sup>	26,29	25,74	56,99	56,99	-	-	56,99	56,99
Stitching Custody <sup>(11)</sup>	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Süloğlu Elektrik <sup>(12)</sup>	-	45,77	-	100,00	-	-	-	100,00
T Damla Denizcilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Tarabya Tankercilik <sup>(9)</sup>	36,90	-	100,00	-	-	-	100,00	-
Tat Gıda <sup>(13)</sup>	43,84	43,84	44,07	44,07	7,12	7,12	51,19	51,19
Tek-Art Marina <sup>(1)</sup>	59,77	59,71	89,27	89,27	10,73	10,73	100,00	100,00
Token	54,44	54,44	54,44	54,44	45,56	45,56	100,00	100,00
Token Azerbaijan	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token International	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token Ödeme Hizmetleri	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token Payment	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Tuzla Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Tüpraş	46,12	46,12	52,75	52,75	0,48	0,48	53,22	53,22
Tüpraş Enerji Girişimleri	46,12	46,12	100,00	100,00	-	-	100,00	100,00
Tüpraş Trading	46,12	46,12	100,00	100,00	-	-	100,00	100,00
United Refrigeration <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Üsküdar Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Vietbeko <sup>(2)</sup>	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Wat Mobilite	51,83	51,83	88,00	88,00	-	-	88,00	88,00
Wat Motor	55,00	55,00	100,00	100,00	-	-	100,00	100,00
Yalova Marina <sup>(1)</sup>	59,78	59,72	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Azerbaijan <sup>(11)</sup>	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Bankası <sup>(11)</sup>	55,69	62,49	61,17	67,97	-	-	61,17	67,97
Yapı Kredi Faktoring <sup>(11)</sup>	55,67	62,47	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Finansal Kiralama <sup>(11)</sup>	55,68	62,49	99,99	99,99	-	-	99,99	99,99
Yapı Kredi Holding <sup>(11)</sup>	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Yatırım <sup>(11)</sup>	55,67	62,48	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Nederland <sup>(11)</sup>	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Portföy <sup>(11)</sup>	55,66	62,46	100,00	100,00	-	-	100,00	100,00
Zer Ticaret	39,54	39,54	39,54	39,54	60,11	60,11	99,65	99,65

<sup>(1)</sup> Koç Holding's effective ownership interest rate has changed following the capital increase in KoçSistem, which was covered by Koç Holding in 2023.

<sup>(2)</sup> Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to Koç Holding Emekli ve Yardım Sandığı Vakfı and constituting 0,87% of Arçelik's share capital.

<sup>(3)</sup> Established in 2023.

<sup>(4)</sup> The title changes of the related companies were registered in 2023.

<sup>(5)</sup> Acquired in 2023.

<sup>(6)</sup> The title changes of the related companies were registered in 2024.

<sup>(7)</sup> Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to KoçSistem constituting 30% of Bilkom's share capital.

<sup>(8)</sup> Included in the scope of consolidation in 2023.

<sup>(9)</sup> Koç Holding's effective ownership interest rate has changed following the sale of treasury shares constituting 4,73% of Mares's share capital and capital increase in Mares, which was covered by Koç Holding in 2023.

<sup>(10)</sup> 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.

<sup>(11)</sup> Koç Holding's effective ownership interest rate has changed following the sale of 6,81% of Yapı Kredi Bankası's shares owned by Koç Holding to institutional investors through an accelerated bookbuild process.

<sup>(12)</sup> Süloğlu Elektrik merged with Entek on 10 November 2023 by the acquisition of all of its assets and liabilities by Entek.

<sup>(13)</sup> The sale of shares, corresponding to 49,04% of Tat Gıda's capital and 15 founder usufruct shares held by Koç Holding, Koç Group companies, Koç Family Members and foundations related to Koç Group to Memişoğlu Tarım Ürünleri Ticaret Limited Şirketi, transfer and payment transactions were completed on 19 February 2024.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (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.

"IFRS 11 Joint Arrangements", requires the application of the equity method for the consolidation of interests in joint ventures in accordance with "IAS 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 Family members		Total ownership interest	
	2023	2022	2023	2022	2023	2022	2023	2022
Al Jasoor	22,00	22,00	49,00	49,00	-	-	49,00	49,00
Arçelik LG Klima <sup>(1)</sup>	25,76	25,32	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	38,65	38,65	38,65	38,65	0,67	0,67	39,32	39,32
Ford Otosan Netherlands	38,65	38,65	39,32	39,32	-	-	39,32	39,32
Ford Romania	38,65	38,65	39,32	39,32	-	-	39,32	39,32
Güney Tankercilik	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Ingage	19,70	19,70	19,70	19,70	30,07	30,07	49,77	49,77
Kaş Marina <sup>(2)</sup>	29,89	29,85	50,00	50,00	-	-	50,00	50,00
Koç Fiat Sigorta	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Koçtaş Yapı Market	43,49	43,50	50,00	50,00	-	-	50,00	50,00
Kuzey Tankercilik	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Netsel	32,88	32,84	55,00	55,00	-	-	55,00	55,00
Opet	19,75	19,75	41,33	41,33	7,00	7,00	50,00	50,00
Opet Aygaz Gayrimenkul	30,22	30,22	50,00	50,00	-	-	50,00	50,00
Opet Fuchs	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Opet International	19,75	19,75	50,00	50,00	-	-	50,00	50,00
Opet Market ve Akaryakıt	19,75	19,75	50,00	50,00	-	-	50,00	50,00
Opet Trade BV	19,75	19,75	50,00	50,00	-	-	50,00	50,00
Opet Trade Singapore	19,75	19,75	50,00	50,00	-	-	50,00	50,00
THY Opet	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Tofaş	37,59	37,59	37,59	37,59	0,27	0,27	37,86	37,86
Türk Traktör	37,50	37,50	37,50	37,50	-	-	37,50	37,50
United LPG	20,34	20,34	50,00	50,00	-	-	50,00	50,00
VoltBek <sup>(1)</sup>	23,60	23,13	50,00	50,00	-	-	50,00	50,00

<sup>(1)</sup> Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to Koç Holding Emekli ve Yardım Sandığı Vakfı and constituting 0,87% of Arçelik's share capital.

<sup>(2)</sup> Koç Holding's effective ownership interest rate has changed following the capital increase in KoçSistem, which was covered by Koç Holding in 2023.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (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 (%):

Joint Ventures	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2023	2022	2023	2022	2023	2022	2023	2022
Allianz Emeklilik <sup>(1)</sup>	11,14	12,50	20,00	20,00	-	-	20,00	20,00
Banque de Commerce <sup>(1)</sup>	17,08	19,16	30,67	30,67	-	-	30,67	30,67

<sup>(1)</sup> Koç Holding's effective ownership interest rate has changed following the sale of 6,81% of Yapı Kredi Bankası's shares owned by Koç Holding to institutional investors through an accelerated bookbuild process.

e) Financial assets in which the Group together with Koç Family members, has ownership interests below 20%, or over 20% but which the Group and Koç family members does not exercise a significant influence or which are not exposed to significant influence of variable returns or which are immaterial are classified as financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income in the consolidated financial statements.

f) Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests". Certain Koç Family members and companies controlled by them have interests in the share capital of certain subsidiaries. In the consolidated financial statements, these interests of Koç Family members and companies controlled by them are treated as non-controlling interests and are not included in the Group's net assets and profits attributable to the equity holders of the parent.

#### 2.4.2 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The sectors reported under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment; hence they have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, should be 10 percent or more of the combined revenue, internal and external, of all internal and external operating segments; the absolute amount of its reported profit or loss should be 10 percent or more of the combined profit or loss or its total assets should be 10 percent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

The financial information of the Group's Joint Ventures shall not be consolidated by using the proportionate consolidation method in accordance with "IFRS 11, Joint Arrangements". Therefore, in the case that segment reporting is prepared based on the equity method set in "IFRS 11, Joint Arrangements", major financial information of Joint Ventures, except for net profit for the period, such as revenue, operating profit and profit before tax shall not be included in the related segment results.

The operations of Joint Ventures and their impacts on the financial results of the Group and the related segment are continued to be monitored in detail by the chief operating decision maker of the Group. Therefore, segment reporting of Joint Ventures has not been prepared based on the equity method set by the "IFRS 11, Joint Arrangements"; rather, the financial information of Joint Ventures has been included in segment results by full consolidation method (as 100%) within the framework of new segment reporting approach. The Group defines this segment reporting information prepared in conformity with this new approach as "combined financial information".

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (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.



# KOÇ HOLDİNG A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

##### 2.4.4 Discontinued operations and assets and liabilities held for sale

Discontinued operation is a major line of business or geographical area of operations that is part of a single coordinated plan to be disposed of or is held-for-sale.

A single amount on the face of the income statements comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised by the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Group of non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Liabilities directly associated with those assets are classified similarly.

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. These assets are not depreciated.

##### 2.4.5 Related parties

For the purpose of these consolidated financial statements, shareholders, parents of Koç Holding A.Ş, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as “related parties”.

##### 2.4.6 Financial assets

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss in accordance with TFRS 9.

The classification of financial assets is determined considering the business model under which the financial asset is being managed and contractual cash flows representing solely payments of principal and interest of the financial asset. The appropriate classification of financial assets is determined at the time of the purchase.

##### 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.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

The business models are divided into three categories. These categories are defined below:

Business model whose objective is to hold assets in order to collect contractual cash flows:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. That is, the Group manages the assets held within the portfolio to collect those particular contractual cash flows. Although the objective of Group's business model may be to hold financial assets in order to collect contractual cash flows, the Group does not need to hold all of those instruments until their maturity. Thus, the Group's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future.

Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's management has made a decision on both collecting contractual cash flows and selling financial assets are necessary for achieving the objective of the business model. There are various objectives that may be consistent with this type of business model. For example, the objective of the business model may be to manage liquidity needs on daily basis, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities funding those assets. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to a business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A business model in which the Group manages its financial assets in order to obtain cash flows arising from their sales, result in the measurement of financial assets by reflecting the fair value changes to profit or loss. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

#### Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the credit risk associated with the time value of money and the unpaid principal amount over a specified period and other basic lending risks and costs.

When evaluating whether the contractual cash flows are solely payments of principal and interest, the Group considers the terms of the contract for the relevant financial instrument. This assessment includes contract terms such as; conditions that may change the amount or timing of cash flows, leverage features, prepayment and extension terms, terms that limit the Group's claim to demand cash flows from specified assets and features that modify consideration of the time value of money.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Financial asset categories

"Financial assets measured at amortised cost" are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents", "trade receivables", "debt securities" and "receivables from finance sector operations". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income" are either equity securities or debt securities that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as financial assets at fair value through profit or loss. The Group measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

"Financial assets at fair value through profit or loss" are assets that are not measured at amortised cost or at fair value through other comprehensive income. Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Gains and losses resulting from the valuation of these assets are accounted in the consolidated statement of income.

##### 2.4.7 Repurchase and resale transactions

Funds attributed to financial assets as reverse repo are recorded as receivables from reverse repo under cash and cash equivalents in the consolidated financial statements. A rediscount income is calculated by using the internal discount rate method for the current year portion of the difference between the sale and purchase price of these reverse repo agreements and accounted by adding to the cost of the reverse repo.

##### 2.4.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held in banks with maturities of 3 months or less, government bonds/treasury bills with original maturities of 3 months or less, other short-term liquid investments and blocked deposits. Group evaluates its cash and cash equivalents in accordance with expected credit loss model for impairment.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### 2.4.9 Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

The Group collects a part of its receivables through factoring. The amounts that the factoring company takes the risk of collection are deducted from the related receivables accounts. The amount that the Group's collection risk continues are presented in the consolidated financial statements and the amount received from the factoring company in exchange of those receivables is classified as factoring payables under the "Borrowings" account in the consolidated financial statements. Factoring transactions do not change the "hold to collect" business model of the Group as long as only short-term receivables are factored and/or factoring transactions are not frequent.

##### Impairment

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

Group uses a provision matrix for the calculation of the expected credit losses on trade receivables which is based on past experience and future expectations. The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period. The changes in the expected credit losses on trade receivables are accounted for under "other operating income/expenses" account of the consolidated statement of income.

##### 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.

# KOÇ HOLDİNG A.Ş.

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

##### 2.4.10 Receivables from finance sector operations (Continued)

Impairment

Group has adopted "three stage approach (general model)" defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost or carried at fair value through other comprehensive income. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

"Stage 1", includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("ECL") are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

"Stage 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

"Stage 3", includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements.

The changes in the expected credit losses on receivables from finance sector operations are accounted for under "other operating income/expenses" account of the consolidated statement of income.

##### 2.4.11 Credit finance income/expenses

Credit finance income/expenses represent imputed finance charges on credit sales and purchases. Such income and expenses are recognised using the effective yield method over the period of credit sales and purchases within the materiality principle and classified under "other operating income/expenses" in the consolidated statement of income.

##### 2.4.12 Inventories

Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories is determined by the weighted average method. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

##### 2.4.13 Assets used in operational lease

Assets used in operational lease include the motor vehicles of Otokoç, a Subsidiary of the Group, resourced in rent a car service. The Group classifies the assets, used in operating leases and owned to be leased for over one year, as "property, plant and equipment"; and classifies the assets owned to be leased for shorter than one year and expected to be disposed at the end of related leasing period in the ordinary business of Otokoç, as "other current assets". The difference between the cost and the estimated second-hand sales price of the related assets is depreciated on a straight-line basis over the duration of rent contracts. The assets used in operating lease are transferred to inventories based on their remaining net carrying values when they are decided to be sold at the end of their leasing period.

##### 2.4.14 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives, ranging from 3-50 years.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### 2.4.15 Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	5 - 50 years
Land improvements	3 - 50 years
Machinery and equipment	3 - 50 years
Furniture and fixtures	2 - 50 years
Motor vehicles	3 - 25 years
Leasehold improvements	3 - 10 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

##### 2.4.16 Intangible assets and related amortisation

Intangible assets comprise usage rights, brands, development costs, information systems, customer relationships, generation licenses 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

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

##### 2.4.17 Leases

##### Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all 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 the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.

Group has the right to direct the use of the asset throughout the period of use only if either:

- a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
- b) Relevant decisions about how and for what purpose the asset is used are predetermined:
  - i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
  - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

##### Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group, and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

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.



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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### Group - as a lessor

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

###### 2.4.18 Business combinations and goodwill

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in "Gains from investment activities" as a gain from bargain purchase.

Under this method, the cost of an acquisition is measured over the fair value of cash and other assets given as of the acquisition date, equity instruments issued or liabilities incurred. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than the cost of business combination at acquisition date is adjusted.

Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date in the scope of TFRS 3.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

TFRS 3 is not applicable to legal merges between the entities controlled by the Group. As a result of these transactions, no goodwill is recognised.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "transactions under common control" in "prior years' income".

###### 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.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### 2.4.19 Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the balance sheet date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax asset for all deductible temporary differences arising from investments in Subsidiaries, only to the extent that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority with the condition of being same taxpayer entity and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

##### 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. Pension fund liabilities are determined by a registered independent actuary based on audited actuary report.

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.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, numbered 26731. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force. With the New Law, the pension funds of the banks are transferred to the SSI in three years from the issuance date of the related article and this period can be extended for maximum two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated 9 April 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated 8 March 2012, Council of Ministers was authorised to increase the two year extension period to four years. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the date of the transfer. The Council of Ministers was authorised to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. The President was authorised to determine the transfer date of pension funds in accordance with the Official Gazette dated 9 July 2018 and numbered 30473.

Under the New Law, a committee is decided to be formed, whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organisation, BRSA and Saving Deposit Insurance Fund ("SDIF") representing the Fund and one member representing the Fund members. This committee is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration the income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, the social rights and payments of Fund members and their beneficiaries, which are not provided although they are included in the Fund Title Deed, will be provided by the Fund and the employers of the Fund members.

Yapı Kredi Bankası accounts for a provision for the technical deficit based on the report prepared by a registered actuary with the rates determined by the New Law and in accordance with "TAS 19 - Employee Benefits" standard. As a result of this, service and interest costs incurred in the change of provision for the pension fund are recognised in the income statement and actuarial gains and losses are recognised under equity.

#### c) Defined contribution plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

#### d) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

##### 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.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) Presence of Group's collection right of the consideration for the goods or services,
- b) Customer's ownership of the legal title on goods or services,
- c) Physical transfer of the goods or services,
- d) Customer's ownership of significant risks and rewards related to the goods or services,
- e) Customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

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.

The Group classifies inflation-indexed government bonds as "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost". The reference indices used in the calculation of coupon payments are calculated based on the CPI rates of two months ago. Interest income calculated using the effective interest rate is recorded in the net interest income within the framework of TAS 1.

##### 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 Summary of Significant Accounting Policies (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.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

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.

#### 2.4.33 Treasury shares

As the Group Companies repurchase their own equity instruments, these instruments are accounted for as "treasury shares" and deducted from equity. Gain or loss is not recognized in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group Companies and the amounts received or paid for these transactions are recognized directly in equity.

#### 2.4.34 Events after the balance sheet date

The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

#### 2.4.35 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.



## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 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 2023 (Note 14 and 15).

#### Recoverability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered (Note 18).

#### Pension fund

Within the scope of pension fund provision of Yapı Kredi Bankası, a Subsidiary of the Group, which is detailed in Note 2.4.22, the present value of funded obligations is calculated by taking into account the discount rate, inflation, wage increase, mortality rate and medical benefits stated in the New Law and related assumptions are explained in Note 19.

#### Impairment on receivables from finance sector activities

The Group reviews its financial assets classified as measured at fair value through other comprehensive income and measured at amortised cost at each balance sheet date in order to assess whether they are impaired in line with the accounting policies set out in Note 2.4.10.

The methodology and assumptions used for estimating both significant increase in credit risk and forward-looking information in Note 2.4.10 are discussed below.

#### Significant increase in credit risk

In the assessment of significant increase in credit risk quantitative and qualitative assessments are made.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Qualitative Assessment:

As a result of quantitative assessment, related financial assets are classified as Stage 2 (significant increase in credit risk) when any of the following criterias are satisfied.

As of reporting date;

- Lifetime expected credit losses shall be recognized on a transaction base, when a past due status is reached. The Group can abandon this estimation only if it has positive, reasonable and supportable information available regarding the client's repayment.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on unindemnified non-cash loans are evaluated as significant increase in credit risk.

#### Quantitative assessment:

The probability of significant increase in credit risk under qualitative assessment is based on the comparison of probability of default of a loan in the origination and as of reporting date.

The Group uses distribution regression on segment basis in order to calculate the thresholds used in defining the significant increase in credit risk.

#### Forward-looking macroeconomic information

The Group incorporates forward-looking macroeconomic information into credit risk parameters during the assessment of significant increase in credit risk and expected credit loss calculation.

For the calculation of expected credit loss, the Group uses macroeconomic forecasting model developed in the stage of creating multiple scenarios. Macroeconomic variables prevailing during this forecasting are Gross Domestic Product (GDP), Unemployment Rate and Foreign Trade Balance. When expected credit losses are estimated in accordance with the forward-looking macroeconomic information, the Group evaluates three scenarios (base, pessimistic and optimistic) with different weights. Each of these three scenarios is associated with different probability of default risk.

### 2.6 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 3 - BUSINESS COMBINATIONS

#### Major business combinations in 2023:

i) Arçelik, a Subsidiary of the Group, has acquired entire shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (The Netherlands). Closing transactions of the Share Transfer Agreement, which was signed on 17 October 2022, regarding to the acquisition of entire shares of Asogem N.V. and its subsidiary Asogem Nederland B.V., operating as the distributor of Arçelik's Beko and Grundig branded products in the Benelux region for more than 25 years by Ardutch B.V., were completed as of 2 January 2023.

The consideration amount was EUR61,7 million for the purchase of the entire shares. Payments regarding the acquisition were completed on 2 January 2023 and 24 March 2023 as EUR57,4 million and EUR4,3 million, respectively.

Following the completion of the transaction, the titles of the companies were changed as "Beko Belgium N.V." and "Beko Netherlands B.V." as of 2 January 2023. Registration procedures regarding the change of the titles and board of directors of both companies were completed in the relevant country registries. Within the scope of the acquisition realised on January 2023, resulting in the participations of Beko Belgium N.V. and Beko Netherlands B.V. to global operations of Arçelik, operations at Benelux region are intended to grow further.

The fair values of identifiable assets and liabilities in accordance with TFRS 3 "Business Combinations" arising from the acquisition are as follows:

	2 January 2023 <sup>(1)</sup>
Cash and cash equivalents	624
Trade receivables	340
Inventories	583
Other current assets	6
Property, plant and equipment (Note 13)	66
Intangible assets (Note 15)	656
Trade and other payables	(410)
Deferred tax liabilities (Note 18)	(167)
Other liabilities	(136)
<b>Fair value of total identifiable net assets (100%)</b>	<b>1.562</b>
<b>Total consideration</b>	<b>1.906</b>
<b>Goodwill</b>	<b>344</b>

The details of cash outflow due to acquisition are as follows:

Total consideration - cash	1.906
Cash and cash equivalents - acquired	(624)
<b>Cash outflow due to acquisition (net)</b>	<b>1.282</b>

<sup>(1)</sup> The fair values of the assets and liabilities acquired with the purchase price dated 2 January 2023 are expressed in terms of the purchasing power on 31 December 2023.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 3 - BUSINESS COMBINATIONS (Continued)

ii) Entek, a Subsidiary of the Group, acquired 73.8% shares of Esinti Enerji Üretim Ticaret ve Sanayi A.Ş., which owns Kınık Wind Power Plant with a capacity of 54 MW in İzmir, on 7 November 2023 in line with its long-term growth strategy and its vision of development in the field of zero carbon electricity.

The fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

	<b>7 November 2023<sup>(1)</sup></b>
Cash and cash equivalents	310
Trade receivables	8
Other current assets	5
Property, plant and equipment (Note 13)	1.245
Intangible assets (Note 15)	1.305
Borrowings (Note 3)	(598)
Trade and other payables	(44)
Deferred tax liabilities	(647)
Other liabilities	(6)
<b>Fair value of total identifiable net assets (100%)</b>	<b>1.578</b>
<b>Fair value of total identifiable net assets (corresponding to shares acquired)</b>	<b>1.166</b>
<b>Total consideration</b>	<b>1.163</b>
<b>Gain on bargain purchase (Note 28)</b>	<b>3</b>
The details of cash outflow due to acquisition are as follows:	
Total consideration - cash	1.163
Cash and cash equivalents - acquired	(310)
<b>Cash outflow due to acquisition (net)</b>	<b>853</b>

<sup>(1)</sup> The fair values of the assets and liabilities acquired with the purchase price dated 7 November 2023 are expressed in terms of the purchasing power on 31 December 2023.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### 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 2023 and 2022 are presented separately.

1 January - 31 December 2023	Energy	Automotive	Consumer durables	Finance	Other	Total
External revenue	862.090	673.237	287.054	386.327	68.132	2.276.840
Intra segment revenue	186.038	58.022	8.987	316	6.859	260.222
Inter segment revenue	3.614	7.844	1.148	1.933	41.706	56.245
<b>Combined revenue</b>	<b>1.051.742</b>	<b>739.103</b>	<b>297.189</b>	<b>388.576</b>	<b>116.697</b>	<b>2.593.307</b>
<b>Combined gross profit</b>	<b>127.501</b>	<b>111.628</b>	<b>78.550</b>	<b>148.768</b>	<b>21.172</b>	<b>487.619</b>
Operating expenses	(32.881)	(42.265)	(65.068)	(42.179)	(21.288)	(203.681)
Other operating income/(expenses) (net) <sup>(1)</sup>	(153)	637	(220)	(10.633)	306	(10.063)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) <sup>(2)</sup>	(19.050)	6.416	(1.087)	-	(1.054)	(14.775)
<b>Combined operating profit/(loss)</b>	<b>75.417</b>	<b>76.416</b>	<b>12.175</b>	<b>95.956</b>	<b>(864)</b>	<b>259.100</b>
Gains/(losses) from investment activities (net) <sup>(3)</sup>	475	3.000	(34)	1.988	846	6.275
Financial income/expenses (net)	(8.726)	(16.049)	(13.064)	-	5.757	(32.082)
Monetary gain/(loss)	(6.112)	25.028	9.021	(48.410)	(6.544)	(27.017)
<b>Combined profit/(loss) before tax</b>	<b>61.054</b>	<b>88.395</b>	<b>8.098</b>	<b>49.534</b>	<b>(805)</b>	<b>206.276</b>
Tax income/(expense), (net)	(2.519)	(6.132)	997	(31.509)	(1.238)	(40.401)
<b>Combined net profit/(loss) for the period</b>	<b>58.535</b>	<b>82.263</b>	<b>9.095</b>	<b>18.025</b>	<b>(2.043)</b>	<b>165.875</b>
<b>Net profit/(loss) for the period <sup>(4)</sup></b>	<b>26.261</b>	<b>35.147</b>	<b>3.962</b>	<b>10.150</b>	<b>(3.290)</b>	<b>72.230</b>

<sup>(1)</sup> Provisions for loan impairment in Finance sector have been accounted for under "Other operating income/expenses" account.

<sup>(2)</sup> Includes the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sectors.

<sup>(3)</sup> Includes the share of profit/(loss) of investments accounted for using the equity method of Yapı Kredi Bankası, a Subsidiary of the Group, and the valuation of the receivables of Ford Otosan, a Joint Venture of the Group, arising from the finance lease application within the scope of TFRS 16 "Leases Standard".

<sup>(4)</sup> Represents consolidated net profit attributable to the equity holders of the parent.

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2022	Energy	Automotive	Consumer durables	Finance	Other	Total
External revenue	1.151.152	561.728	281.576	315.664	55.774	2.365.894
Intra segment revenue	198.039	20.618	7.408	511	6.759	233.335
Inter segment revenue	4.426	6.689	2.285	1.651	44.258	59.309
<b>Combined revenue</b>	<b>1.353.617</b>	<b>589.035</b>	<b>291.269</b>	<b>317.826</b>	<b>106.791</b>	<b>2.658.538</b>
<b>Combined gross profit</b>	<b>126.266</b>	<b>74.794</b>	<b>71.034</b>	<b>185.427</b>	<b>16.672</b>	<b>474.193</b>
Operating expenses	(27.394)	(28.292)	(61.556)	(35.672)	(17.113)	(170.027)
Other operating income/(expenses) (net) <sup>(1)</sup>	572	(3)	219	(24.729)	334	(23.607)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) <sup>(2)</sup>	(21.338)	1.308	1.374	-	(458)	(19.114)
<b>Combined operating profit/(loss)</b>	<b>78.106</b>	<b>47.807</b>	<b>11.071</b>	<b>125.026</b>	<b>(565)</b>	<b>261.445</b>
Gains/(losses) from investment activities (net) <sup>(3)</sup>	147	(145)	2.622	657	717	3.998
Financial income/(expenses) (net)	(18.750)	(13.263)	(12.925)	-	(432)	(45.370)
Monetary gain/(loss)	19.782	18.646	7.090	(52.015)	(2.510)	(9.007)
<b>Combined profit/(loss) before tax</b>	<b>79.285</b>	<b>53.045</b>	<b>7.858</b>	<b>73.668</b>	<b>(2.790)</b>	<b>211.066</b>
Tax income/(expense), (net)	(8.815)	(1.227)	(407)	(42.414)	(1.890)	(54.753)
<b>Combined net profit/(loss) for the period</b>	<b>70.470</b>	<b>51.818</b>	<b>7.451</b>	<b>31.254</b>	<b>(4.680)</b>	<b>156.313</b>
<b>Net profit for the period <sup>(4)</sup></b>	<b>32.010</b>	<b>24.793</b>	<b>2.999</b>	<b>18.730</b>	<b>(5.870)</b>	<b>72.662</b>

<sup>(1)</sup> Provisions for loan impairment in Finance sector have been accounted for under "Other operating income/expenses" account.

<sup>(2)</sup> Includes the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sectors.

<sup>(3)</sup> Gain on bargain purchase of Arçelik, a Subsidiary of the Group, arising from the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC amounting to TL2.677 million (Note 28) has been accounted for under "Gains/losses from investment activities" account of the Consumer Durables sector; share of profit/(loss) of investments accounted for using the equity method of Yapı Kredi Bankası, a Subsidiary of the Group, has been accounted for under "Gains/losses from investment activities" account of the Finance sector.

<sup>(4)</sup> Represents consolidated net profit attributable to the equity holders of the parent.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 4 - SEGMENT REPORTING (Continued)

a) Revenue	2023	2022
Energy	1.051.742	1.353.617
Automotive	739.103	589.035
Consumer durables	297.189	291.269
Finance	388.576	317.826
Other	116.697	106.791
<b>Combined</b>	<b>2.593.307</b>	<b>2.658.538</b>
Less: Joint Ventures (Note 8.d)	(926.930)	(876.877)
Less: Consolidation eliminations and adjustments	(61.730)	(65.719)
<b>Consolidated</b>	<b>1.604.647</b>	<b>1.715.942</b>
<b>b) Operating profit</b>		
Energy	75.417	78.106
Automotive	76.416	47.807
Consumer durables	12.175	11.071
Finance	95.956	125.026
Other	(864)	(565)
<b>Combined</b>	<b>259.100</b>	<b>261.445</b>
Less: Joint Ventures (Note 8.d)	(71.925)	(42.347)
Less: Consolidation eliminations and adjustments	4.761	5.491
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	30.720	16.157
<b>Consolidated</b>	<b>222.656</b>	<b>240.746</b>
<b>c) Depreciation and amortisation <sup>(1)</sup></b>		
Energy	9.470	9.763
Automotive	20.707	20.422
Consumer durables	8.878	8.191
Finance	3.932	3.319
Other	2.789	2.685
<b>Combined</b>	<b>45.776</b>	<b>44.380</b>
Less: Joint Ventures (Note 8.d)	(14.518)	(18.662)
Less: Consolidation eliminations and adjustments	(646)	(261)
<b>Consolidated</b>	<b>30.612</b>	<b>25.457</b>

<sup>(1)</sup> Includes the depreciation expenses of right-of-use assets. As of 31 December 2023, combined depreciation expense of the right-of-use assets amounted to TL6.174 million (31 December 2022: TL5.713 million) and consolidated depreciation expense amounted to TL3.433 million (31 December 2022: TL3.562 million).

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### NOTE 4 - SEGMENT REPORTING (Continued)

d) Profit before tax	2023	2022
Energy	61.054	79.285
Automotive	88.395	53.045
Consumer durables	8.098	7.858
Finance	49.534	73.668
Other	(805)	(2.790)
<b>Combined</b>	<b>206.276</b>	<b>211.066</b>
Less: Joint Ventures (Note 8.d)	(82.393)	(43.198)
Add: Net profit shares of Joint Ventures (Note 8.c)	28.812	15.698
<b>Consolidated</b>	<b>152.695</b>	<b>183.566</b>
e) Net profit for the period		
Energy	58.535	70.470
Automotive	82.263	51.818
Consumer durables	9.095	7.451
Finance	18.025	31.254
Other	(2.043)	(4.680)
<b>Combined</b>	<b>165.875</b>	<b>156.313</b>
Less: Joint Ventures (Note 8.d)	(76.954)	(42.435)
Add: Net profit shares of Joint Ventures (Note 8.c)	28.812	15.698
Less: Non-controlling interests	(45.503)	(56.914)
<b>Consolidated (attributable to the equity holders of the parent)</b>	<b>72.230</b>	<b>72.662</b>
f) Capital expenditures <sup>(1)</sup>		
Energy	13.882	6.563
Automotive	73.143	49.274
Consumer durables	14.285	11.033
Finance	3.415	2.745
Other	4.013	5.011
<b>Combined</b>	<b>108.738</b>	<b>74.626</b>
Less: Joint Ventures	(40.463)	(24.350)
<b>Consolidated</b>	<b>68.275</b>	<b>50.276</b>

<sup>(1)</sup> Capital expenditures do not include the additions related to the right-of-use assets.



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### NOTE 4 - SEGMENT REPORTING (Continued)

g) Total assets	31 December 2023	31 December 2022
Energy	494.900	481.066
Automotive	460.645	380.723
Consumer durables	270.307	244.400
Finance	1.970.598	2.043.182
Other	214.112	202.229
<b>Combined</b>	<b>3.410.562</b>	<b>3.351.600</b>
Less: Joint Ventures (Note 8.d)	(396.705)	(347.564)
Add: Carrying values of Joint Ventures (Note 8.a)	60.810	46.175
Less: Eliminations	(215.702)	(232.895)
<b>Consolidated</b>	<b>2.858.965</b>	<b>2.817.316</b>

### NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2023			31 December 2022		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Cash in hand	22.178	90	22.268	21.713	56	21.769
Cheques received	-	356	356	-	323	323
Banks						
- Demand deposits	46.888	20.893	67.781	52.766	16.645	69.411
- Time deposits	25.781	171.653	197.434	27.340	125.581	152.921
- Reverse repo receivables	-	-	-	87	-	87
Other	-	1.566	1.566	4.056	1.258	5.314
	<b>94.847</b>	<b>194.558</b>	<b>289.405</b>	<b>105.962</b>	<b>143.863</b>	<b>249.825</b>

As of 31 December 2023, total blocked deposits amounted to TL9.744 million (31 December 2022: TL10.891 million). As of 31 December 2023, TL4.827 million (31 December 2022: TL5.553 million) of the related amount consists of the revenue shares collected by Tüpraş, a Subsidiary of the Group, as indicated in the Petroleum Market License Regulation and TL4.144 million (31 December 2022: TL4.459 million) of the related amount consist of blocked demand deposits Tüpraş, for derivative transactions carried out in foreign stock exchanges.

Group companies operating in Non-Finance sectors have cash and cash equivalent balances amounting to TL20.213 million held at Yapı Kredi Bankası and eliminated during the preparation of consolidated financial statements as of 31 December 2023 (31 December 2022: TL37.463 million).

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOT 6 - BALANCES WITH CENTRAL BANK OF THE REPUBLIC OF TURKEY

	31 December 2023	31 December 2022
Balances with Central Bank of the Republic of Turkey	241.618	215.784
- Required reserves <sup>(1)</sup>	83.757	97.494
- Free deposits	157.861	118.290
	<b>241.618</b>	<b>215.784</b>

<sup>(1)</sup> 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 2023, the ratios for TL reserves are between 0% and 30% (31 December 2022: 3% and 8%) and the ratios for foreign currency reserves are between 5% and 30% (31 December 2022: 5% and 26%) for deposits and other liabilities depending on their maturity structures.

### NOTE 7 - FINANCIAL ASSETS

	31 December 2023			31 December 2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets measured at fair value through profit or loss	3.363	4.628	7.991	7.830	2.018	9.848
Financial assets measured at fair value through other comprehensive income	11.407	90.420	101.827	17.896	113.613	131.509
Financial assets measured at amortised cost	24.255	293.103	317.358	14.058	263.492	277.550
	<b>39.025</b>	<b>388.151</b>	<b>427.176</b>	<b>39.784</b>	<b>379.123</b>	<b>418.907</b>

#### a) Financial assets measured at fair value through profit or loss

	31 December 2023			31 December 2022		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
<b>Debt securities:</b>						
Government bonds	1.767	-	1.767	983	-	983
	1.767	-	1.767	983	-	983
<b>Deposits:</b>						
Time deposits	-	1.085	1.085	-	4.075	4.075
	-	1.085	1.085	-	4.075	4.075
<b>Equity securities:</b>						
Listed	511	-	511	2.772	-	2.772
Unlisted	-	4.628	4.628	-	2.018	2.018
	511	4.628	5.139	2.772	2.018	4.790
	<b>2.278</b>	<b>5.713</b>	<b>7.991</b>	<b>3.755</b>	<b>6.093</b>	<b>9.848</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 7 - FINANCIAL ASSETS (Continued)

#### b) Financial assets measured at fair value through other comprehensive income

	31 December 2023			31 December 2022		
	Finance	NonFinance	Total	Finance	NonFinance	Total
<b>Debt securities:</b>						
Government bonds	67.382	-	67.382	97.904	-	97.904
Eurobonds	29.374	-	29.374	27.978	-	27.978
Private sector bonds	65	-	65	3.128	-	3.128
	96.821	-	96.821	129.010	-	129.010
<b>Equity securities:</b>						
Listed	-	3.863	3.863	-	1.517	1.517
Unlisted	230	913	1.143	333	649	982
	230	4.776	5.006	333	2.166	2.499
	<b>97.051</b>	<b>4.776</b>	<b>101.827</b>	<b>129.343</b>	<b>2.166</b>	<b>131.509</b>

The movement of financial assets at fair value through other comprehensive income is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>131.509</b>	<b>95.748</b>
Additions	59.291	71.624
Disposals/redemptions	(37.165)	(24.147)
Currency translation differences	(17.562)	8.451
Change in interest accruals	19.564	29.852
Fair value gains/impairment losses (net)	2.357	225
Monetary gain/(loss)	(56.167)	(50.244)
<b>End of the period - 31 December</b>	<b>101.827</b>	<b>131.509</b>

#### c) Financial assets measured at amortised cost

	31 December 2023			31 December 2022		
	Finance	NonFinance	Total	Finance	Non-Finance	Total
<b>Debt securities:</b>						
Government bonds	196.320	-	196.320	157.992	-	157.992
Eurobonds	105.715	-	105.715	109.888	-	109.888
Other	15.323	-	15.323	9.670	-	9.670
	<b>317.358</b>	<b>-</b>	<b>317.358</b>	<b>277.550</b>	<b>-</b>	<b>277.550</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 7 - FINANCIAL ASSETS (Continued)

The movement of financial assets measured at amortised cost is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>277.550</b>	<b>260.168</b>
Additions	89.609	60.590
Disposals/redemptions	(7.050)	(16.699)
Currency translation differences	85.946	63.804
Change in interest accruals	21.892	33.404
Monetary gain/(loss)	(150.589)	(123.717)
<b>End of the period - 31 December</b>	<b>317.358</b>	<b>277.550</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 2023		31 December 2022	
	%	Amount	%	Amount
Ford Otosan	38,65	28.372	38,65	19.926
Tofaş	37,59	13.774	37,59	9.628
Opet	43,00	7.753	43,00	7.162
Banque de Commerce	30,67	6.170	30,67	4.732
Türk Traktör	37,50	5.774	37,50	3.467
Allianz Emeklilik	20,00	2.064	20,00	1.912
Other		5.137		5.992
		<b>69.044</b>		<b>52.819</b>
Joint Ventures		60.810		46.175
Associates		8.234		6.644
		<b>69.044</b>		<b>52.819</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

b) The market values (Level 1) of the listed Joint Ventures are as follows:

	31 December 2023	31 December 2022
Ford Otosan	259.498	184.052
Tofaş	105.000	82.850
Türk Traktör	71.248	35.224

c) The movement of Joint Ventures and associates is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>52.819</b>	<b>47.482</b>
Shares of profit/(loss)	30.720	16.157
Shares of other comprehensive income/(loss)	(4.336)	(1.758)
Dividend paid	(10.582)	(10.316)
Dividend received	93	27
Contribution to capital increases	347	899
Transactions with non-controlling interests	-	296
Profit eliminations	(17)	32
<b>End of the period - 31 December</b>	<b>69.044</b>	<b>52.819</b>
<b>Shares of profit/(loss) of Joint Ventures and associates:</b>	<b>2023</b>	<b>2022</b>
Ford Otosan	18.961	10.716
Tofaş	5.670	3.523
Türk Traktör	3.503	1.616
Opet	851	19
Other	1.735	283
	<b>30.720</b>	<b>16.157</b>
Joint Ventures	28.812	15.698
Associates	1.908	459
	<b>30.720</b>	<b>16.157</b>

**KOÇ HOLDİNG A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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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:**

	<b>2023</b>	<b>2022</b>
Ford Otosan	(3.593)	(1.051)
Tofaş	166	115
Türk Traktör	(16)	(11)
Opet	295	185
Other	(1.188)	(996)
	<b>(4.336)</b>	<b>(1.758)</b>
Joint Ventures	(3.756)	(1.093)
Associates	(580)	(665)
	<b>(4.336)</b>	<b>(1.758)</b>

**Dividend income/(capital increases) from Joint Ventures and associates:**

	<b>2023</b>	<b>2022</b>
Ford Otosan	6.921	5.175
Tofaş	1.689	2.796
Opet	650	547
Türk Traktör	1.180	1.046
Other	(205)	(147)
	<b>10.235</b>	<b>9.417</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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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 2023	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Cash and cash equivalents	15.225	24.815	7.659	12.331	2.722	62.752
Other current assets	87.745	28.586	24.101	12.676	14.745	167.853
Receivables from finance sector operations	-	9.645	-	-	-	9.645
Other non-current assets	113.925	15.387	14.765	7.449	4.929	156.455
<b>Total assets</b>	<b>216.895</b>	<b>78.433</b>	<b>46.525</b>	<b>32.456</b>	<b>22.396</b>	<b>396.705</b>
Short-term borrowings	33.965	6.738	9.317	4.973	2.946	57.939
Other current liabilities	60.169	28.828	19.050	10.762	8.365	127.174
Long-term borrowings	41.791	5.093	3.873	816	520	52.093
Other non-current liabilities	8.074	1.129	880	507	618	11.208
<b>Total liabilities</b>	<b>143.999</b>	<b>41.788</b>	<b>33.120</b>	<b>17.058</b>	<b>12.449</b>	<b>248.414</b>
<b>Net assets:</b>	<b>72.896</b>	<b>36.645</b>	<b>13.405</b>	<b>15.398</b>	<b>9.947</b>	<b>148.291</b>
<b>Allocation of net assets:</b>						
Non-controlling interests	-	-	-	-	-	-
<b>Equity holders of the parent</b>	<b>72.896</b>	<b>36.645</b>	<b>13.405</b>	<b>15.398</b>	<b>9.947</b>	<b>148.291</b>
<b>Reconciliation of carrying value:</b>						
<i>Ownership of the Group</i>	<i>38,65%</i>	<i>37,59%</i>	<i>43,00%</i>	<i>37,50%</i>		
Net asset share of the Group	28.175	13.774	5.764	5.774	5.079	58.566
Goodwill carried at Group level	-	-	1.922	-	-	1.922
Impact of additional share purchase	197	-	67	-	58	322
<b>Carrying value</b>	<b>28.372</b>	<b>13.774</b>	<b>7.753</b>	<b>5.774</b>	<b>5.137</b>	<b>60.810</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
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### NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

31 December 2022	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Cash and cash equivalents	16.666	19.804	10.723	7.278	3.089	57.560
Other current assets	74.654	30.395	27.050	12.175	13.132	157.406
Receivables from finance sector operations	-	7.924	-	-	-	7.924
Other non-current assets	82.884	15.441	13.554	6.555	6.240	124.674
<b>Total assets</b>	<b>174.204</b>	<b>73.564</b>	<b>51.327</b>	<b>26.008</b>	<b>22.461</b>	<b>347.564</b>
Short-term borrowings	21.781	8.355	20.522	5.459	4.472	60.589
Other current liabilities	54.422	34.651	9.833	9.731	7.172	115.809
Long-term borrowings	40.698	3.113	7.448	951	234	52.444
Other non-current liabilities	6.265	1.831	1.493	621	964	11.174
<b>Total liabilities</b>	<b>123.166</b>	<b>47.950</b>	<b>39.296</b>	<b>16.762</b>	<b>12.842</b>	<b>240.016</b>
<b>Net assets:</b>	<b>51.038</b>	<b>25.614</b>	<b>12.031</b>	<b>9.246</b>	<b>9.619</b>	<b>107.548</b>
<b>Allocation of net assets:</b>						
Non-controlling interests	-	-	-	-	-	-
<b>Equity holders of the parent</b>	<b>51.038</b>	<b>25.614</b>	<b>12.031</b>	<b>9.246</b>	<b>9.619</b>	<b>107.548</b>
<b>Reconciliation of carrying value:</b>						
<i>Ownership of the Group</i>	<i>38,65%</i>	<i>37,59%</i>	<i>43,00%</i>	<i>37,50%</i>		
Net asset share of the Group	19.729	9.628	5.173	3.467	5.934	43.931
Goodwill carried at Group level	-	-	1.922	-	-	1.922
Impact of additional share purchase	197	-	67	-	58	322
<b>Carrying value</b>	<b>19.926</b>	<b>9.628</b>	<b>7.162</b>	<b>3.467</b>	<b>5.992</b>	<b>46.175</b>



## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Condensed income statement information:

1 January - 31 December 2023	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Revenue	411.906	130.254	277.867	58.436	48.467	926.930
Depreciation and amortisation	6.065	3.938	2.450	1.180	885	14.518
Operating profit	44.017	14.008	722	11.307	1.871	71.925
Net financial income/(expenses)	(14.947)	6.481	(3.162)	715	(1.353)	(12.266)
Profit before tax	47.428	18.326	2.387	12.137	2.115	82.393
Net profit for the period	49.056	15.083	1.979	9.342	1.494	76.954
Non-controlling interests	-	-	-	-	-	-
<b>Equity holders of the parents</b>	<b>49.056</b>	<b>15.083</b>	<b>1.979</b>	<b>9.342</b>	<b>1.494</b>	<b>76.954</b>
<i>Ownership of the Group</i>	38,65%	37,59%	43,00%	37,50%		
<b>Net profit share of the Group</b>	<b>18.961</b>	<b>5.670</b>	<b>851</b>	<b>3.503</b>	<b>(173)</b>	<b>28.812</b>

1 January - 31 December 2022	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Revenue	322.553	127.813	339.138	41.413	45.960	876.877
Depreciation and amortisation	7.196	7.294	2.238	941	993	18.662
Operating profit	27.271	9.250	415	3.643	1.768	42.347
Net financial income/(expenses)	(8.102)	(745)	(4.335)	(321)	(1.079)	(14.582)
Profit before tax	25.447	10.772	760	4.555	1.664	43.198
Net profit for the period	27.725	9.374	45	4.307	984	42.435
Non-controlling interests	-	-	-	-	-	-
<b>Equity holders of the parents</b>	<b>27.725</b>	<b>9.374</b>	<b>45</b>	<b>4.307</b>	<b>984</b>	<b>42.435</b>
<i>Ownership of the Group</i>	38,65%	37,59%	43,00%	37,50%		
<b>Net profit share of the Group</b>	<b>10.716</b>	<b>3.523</b>	<b>19</b>	<b>1.616</b>	<b>(176)</b>	<b>15.698</b>

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	31 December 2023	31 December 2022
Trade receivables	132.630	116.193
Notes and cheques receivable	4.916	4.451
Less: Provision for expected credit loss	(2.511)	(3.206)
Less: Unearned finance income	(1.663)	(1.719)
	133.372	115.719
Due from related parties (Note 30)	11.081	9.048
	<b>144.453</b>	<b>124.767</b>
Short-term trade receivables	143.442	122.923
Long-term trade receivables	1.011	1.844
	<b>144.453</b>	<b>124.767</b>

Tüpraş and Arçelik, the Subsidiaries of the Group, offset TL6.495 million (31 December 2022: TL10.234 million) and TL6.529 million (31 December 2022: TL9.503 million) respectively, from their trade receivables that were collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2023.

Movement of the provision for expected credit losses is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>3.206</b>	<b>3.555</b>
Increases during the period	353	395
Collections	(45)	(57)
Write-offs <sup>(1)</sup>	(641)	(178)
Currency translation differences	442	536
Monetary gain/(loss)	(804)	(1.045)
<b>End of the period - 31 December</b>	<b>2.511</b>	<b>3.206</b>

<sup>(1)</sup> Doubtful receivables, for which no possibility of collection is foreseen, are written off from the records along with their related provisions.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2023	31 December 2022
<b>Trade payables</b>		
Trade payables	176.541	159.085
Less: Unearned finance expense	(1.613)	(1.035)
	174.928	158.050
Due to related parties (Note 30)	11.721	11.402
	<b>186.649</b>	<b>169.452</b>

### NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2023	31 December 2022
Short-term receivables from finance sector operations	696.869	683.339
Long-term receivables from finance sector operations	263.130	350.925
	<b>959.999</b>	<b>1.034.264</b>

The breakdown of receivables from finance sector operations is as follows:

31 December 2023	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	438.650	179.322	208.112	30.654	11.377	868.115
Stage 2	78.977	12.181	11.936	847	803	104.744
Stage 3	19.267	6.586	2.193	402	140	28.588
<b>Gross <sup>(1)</sup></b>	<b>536.894</b>	<b>198.089</b>	<b>222.241</b>	<b>31.903</b>	<b>12.320</b>	<b>1.001.447</b>
Stage 1 and 2	(17.371)	(2.319)	(1.480)	(445)	(150)	(21.765)
Stage 3	(12.163)	(5.554)	(1.591)	(276)	(99)	(19.683)
<b>Expected credit losses (-) <sup>(1)</sup></b>	<b>(29.534)</b>	<b>(7.873)</b>	<b>(3.071)</b>	<b>(721)</b>	<b>(249)</b>	<b>(41.448)</b>
<b>Net</b>	<b>507.360</b>	<b>190.216</b>	<b>219.170</b>	<b>31.182</b>	<b>12.071</b>	<b>959.999</b>

## KOÇ HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

31 December 2022	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	517.803	187.580	170.361	31.430	17.324	924.498
Stage 2	107.445	13.645	10.922	1.261	949	134.222
Stage 3	25.564	7.782	2.316	825	165	36.652
<b>Gross</b>	<b>650.812</b>	<b>209.007</b>	<b>183.599</b>	<b>33.516</b>	<b>18.438</b>	<b>1.095.372</b>
Stage 1 and 2	(28.512)	(3.058)	(1.411)	(657)	(181)	(33.819)
Stage 3	(17.307)	(7.146)	(2.111)	(606)	(119)	(27.289)
<b>Expected credit losses (-)</b>	<b>(45.819)</b>	<b>(10.204)</b>	<b>(3.522)</b>	<b>(1.263)</b>	<b>(300)</b>	<b>(61.108)</b>
<b>Net</b>	<b>604.993</b>	<b>198.803</b>	<b>180.077</b>	<b>32.253</b>	<b>18.138</b>	<b>1.034.264</b>

<sup>(1)</sup> TL986.301 million of gross receivables from finance sector operations and TL41.230 million of expected credit losses are related to Yapı Kredi Bankası.

Movement of the expected credit losses is as follows:

2023	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
<b>Beginning of the period - 1 January</b>	<b>45.819</b>	<b>10.204</b>	<b>3.522</b>	<b>1.263</b>	<b>300</b>	<b>61.108</b>
Increases during the period	13.700	9.305	5.946	204	179	29.334
Collections	(19.618)	(5.003)	(4.222)	(424)	(93)	(29.360)
Disposals due to sale of portfolio	(1.101)	(2.245)	(550)	-	-	(3.896)
Write-offs	(56)	(51)	(38)	-	-	(145)
Currency translation differences	9.282	142	57	162	-	9.643
Monetary gain/(loss)	(18.492)	(4.479)	(1.644)	(484)	(137)	(25.236)
<b>End of the period - 31 December</b>	<b>29.534</b>	<b>7.873</b>	<b>3.071</b>	<b>721</b>	<b>249</b>	<b>41.448</b>

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(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
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### NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

2022	Corporate and commercial loans	Customer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
<b>Beginning of the period - 1 January</b>	<b>63.647</b>	<b>11.849</b>	<b>4.674</b>	<b>1.890</b>	<b>536</b>	<b>82.596</b>
Increases during the period	20.909	9.078	3.188	347	187	33.709
Collections	(15.564)	(3.680)	(1.494)	(340)	(110)	(21.188)
Disposals due to sale of portfolio	(407)	(1.945)	(911)	-	-	(3.263)
Write-offs	(6.069)	(9)	(1)	-	(109)	(6.188)
Currency translation differences	9.507	97	19	127	-	9.750
Monetary gain/(loss)	(26.204)	(5.186)	(1.953)	(761)	(204)	(34.308)
<b>End of the period - 31 December</b>	<b>45.819</b>	<b>10.204</b>	<b>3.522</b>	<b>1.263</b>	<b>300</b>	<b>61.108</b>

Stage-based movement of the expected credit losses is as follows:

2023	Stage 1	Stage 2	Stage 3	Total
<b>Beginning of the period - 1 January</b>	<b>8.007</b>	<b>25.812</b>	<b>27.289</b>	<b>61.108</b>
Increases during the period	5.471	9.377	14.486	29.334
Collections	(7.943)	(12.965)	(8.452)	(29.360)
Disposals due to sale of portfolio	-	-	(3.896)	(3.896)
Write-offs	-	-	(145)	(145)
Transfers to Stage 1	3.782	(3.781)	(1)	-
Transfers to Stage 2	(1.204)	1.369	(165)	-
Transfers to Stage 3	(93)	(1.801)	1.894	-
Currency translation differences	1.708	7.664	271	9.643
Monetary gain/(loss)	(3.522)	(10.116)	(11.598)	(25.236)
<b>End of the period - 31 December</b>	<b>6.206</b>	<b>15.559</b>	<b>19.683</b>	<b>41.448</b>

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### NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

2022	Stage 1	Stage 2	Stage 3	Total
<b>Beginning of the period - 1 January</b>	<b>9.038</b>	<b>34.448</b>	<b>39.110</b>	<b>82.596</b>
Increases during the period	4.267	8.847	20.595	33.709
Collections	(3.285)	(7.596)	(10.307)	(21.188)
Disposals due to sale of portfolio	-	-	(3.263)	(3.263)
Write-offs	-	-	(6.188)	(6.188)
Transfers to Stage 1	615	(615)	-	-
Transfers to Stage 2	(39)	223	(184)	-
Transfers to Stage 3	-	(3.212)	3.212	-
Currency translation differences	1.408	8.085	257	9.750
Monetary gain/(loss)	(3.997)	(14.368)	(15.943)	(34.308)
<b>End of the period - 31 December</b>	<b>8.007</b>	<b>25.812</b>	<b>27.289</b>	<b>61.108</b>

### NOTE 11 - DERIVATIVE INSTRUMENTS

The breakdown of derivative instruments as of 31 December 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
	Asset	Liability	Asset	Liability
Derivatives held for trading	16.494	12.645	18.862	21.453
Derivatives held for hedging	7.658	949	18.609	4.004
	<b>24.152</b>	<b>13.594</b>	<b>37.471</b>	<b>25.457</b>

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### NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

#### Finance:

	31 December 2023			31 December 2022		
	Contract amount <sup>(1)</sup>	Fair Values		Contract amount <sup>(1)</sup>	Fair Values	
		Asset	Liability		Asset	Liability
<b>Derivatives held for trading:</b>						
Interest rate swaps	500.965	3.956	2.961	402.435	4.773	3.991
Currency swaps	509.241	5.865	4.299	435.413	3.495	6.151
Currency forwards	50.298	809	259	50.651	1.710	364
Cross-currency fixed interest rate swaps	14.788	2.771	4.007	24.367	5.164	9.616
Option agreements	27.887	32	108	184.168	1.916	545
Other derivative instruments	221.510	2.588	-	164.407	1.295	20
	<b>1.324.689</b>	<b>16.021</b>	<b>11.634</b>	<b>1.261.441</b>	<b>18.353</b>	<b>20.687</b>
<b>Derivatives held for hedging:</b>						
Interest rate swaps	85.911	5.521	32	199.359	12.450	58
Cross-currency fixed interest rate swaps	-	-	-	3.188	-	2.276
	<b>85.911</b>	<b>5.521</b>	<b>32</b>	<b>202.547</b>	<b>12.450</b>	<b>2.334</b>

<sup>(1)</sup> Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

#### Non-finance:

	31 December 2023			31 December 2022		
	Contract amount <sup>(1)</sup>	Fair values		Contract amount <sup>(1)</sup>	Fair values	
		Asset	Liability		Asset	Liability
<b>Derivatives held for trading:</b>						
Currency forwards	138.772	369	434	52.821	283	545
Currency swaps	22.829	88	35	24.202	99	92
Commodity futures	9.686	10	-	1.404	127	129
Cross-currency fixed interest rate swaps	901	6	542	-	-	-
	<b>172.188</b>	<b>473</b>	<b>1.011</b>	<b>78.427</b>	<b>509</b>	<b>766</b>
<b>Derivatives held for hedging:</b>						
Interest rate swaps	1.815	132	-	11.183	300	26
Cross-currency fixed interest rate swaps	8.433	-	777	409	356	-
Currency forwards	4.923	-	29	3.750	3	-
Commodity futures	63.776	2.005	111	152.558	5.477	1.153
Currency swaps	-	-	-	1.107	23	491
	<b>78.947</b>	<b>2.137</b>	<b>917</b>	<b>169.007</b>	<b>6.159</b>	<b>1.670</b>

<sup>(1)</sup> Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

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### NOTE 12 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials and supplies	32.082	39.284
Work in progress	12.213	17.186
Finished goods	40.699	41.139
Merchandise	14.658	17.955
Goods in transit	16.947	19.310
Other inventories	365	649
Less: Provision for impairment	(1.136)	(1.582)
	<b>115.828</b>	<b>133.941</b>

Movement of provision for impairment on inventories is as follows:

	2023	2022
<b>The beginning of the period - 1 January</b>	<b>1.582</b>	<b>1.029</b>
Increase during the period	717	994
Reversal of provisions	(1.001)	(144)
Currency translation differences	(162)	(173)
Business combinations	-	(124)
<b>End of the period - 31 December</b>	<b>1.136</b>	<b>1.582</b>



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### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
<b>As of 1 January 2023</b>								
Cost	62.883	60.554	212.551	73.211	28.694	12.099	7.187	457.179
Accumulated depreciation	(18.022)	(22.235)	(122.955)	(15.474)	(18.404)	-	(4.478)	(201.568)
<b>Net book value</b>	<b>44.861</b>	<b>38.319</b>	<b>89.596</b>	<b>57.737</b>	<b>10.290</b>	<b>12.099</b>	<b>2.709</b>	<b>255.611</b>
<b>Net book value at the beginning of period</b>								
	<b>44.861</b>	<b>38.319</b>	<b>89.596</b>	<b>57.737</b>	<b>10.290</b>	<b>12.099</b>	<b>2.709</b>	<b>255.611</b>
Additions	1.263	6.686	5.687	27.210	4.294	10.342	1.368	56.850
Business combinations (Note 3)	121	41	1.125	24	-	-	-	1.311
Disposals	(9)	(2.472)	(311)	(1.212)	(478)	(28)	(174)	(4.684)
Transfers <sup>(1)</sup>	(77)	(69)	815	(6.519)	322	(2.946)	76	(8.398)
Currency translation differences	(154)	(680)	(780)	(49)	(9)	(261)	8	(1.925)
Current period depreciation	(1.269)	(4.035)	(7.760)	(6.748)	(2.570)	-	(529)	(22.911)
<b>Net book value at the end of the period</b>	<b>44.736</b>	<b>37.790</b>	<b>88.372</b>	<b>70.443</b>	<b>11.849</b>	<b>19.206</b>	<b>3.458</b>	<b>275.854</b>
<b>31 December 2023</b>								
Cost	63.914	60.896	212.333	88.987	31.116	19.206	8.072	484.524
Accumulated depreciation	(19.178)	(23.106)	(123.961)	(18.544)	(19.267)	-	(4.614)	(208.670)
<b>Net book value</b>	<b>44.736</b>	<b>37.790</b>	<b>88.372</b>	<b>70.443</b>	<b>11.849</b>	<b>19.206</b>	<b>3.458</b>	<b>275.854</b>

<sup>(1)</sup> Include transfers amounting to TL6.689 million from other non-current assets used in operational lease classified under property, plant and equipment to inventories and transfers amounting to TL227 million (Note 15) from property, plant and equipment to other intangible assets and transfers amounting to TL1.482 million (Note 24) to assets classified as held for sale.

Net book value of the right-of-use assets classified under property, plant and equipment is TL10.145 million as of 31 December 2023 (31 December 2022: TL10.266 million). For the year ended 31 December 2023, additions to the right-of-use assets amounted to TL6.097 million (31 December 2022: TL6.206 million) and depreciation expenses amounted to TL3.433 million (31 December 2022: TL3.562 million).

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### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
<b>As of 1 January 2022</b>								
Cost	62.370	58.544	211.145	64.235	25.162	10.201	7.014	438.671
Accumulated depreciation	(16.670)	(21.236)	(118.299)	(14.581)	(17.225)	-	(4.369)	(192.380)
<b>Net book value</b>	<b>45.700</b>	<b>37.308</b>	<b>92.846</b>	<b>49.654</b>	<b>7.937</b>	<b>10.201</b>	<b>2.645</b>	<b>246.291</b>
<b>Net book value at the beginning of the period</b>								
	<b>45.700</b>	<b>37.308</b>	<b>92.846</b>	<b>49.654</b>	<b>7.937</b>	<b>10.201</b>	<b>2.645</b>	<b>246.291</b>
Additions	701	5.774	2.399	20.185	4.355	9.163	564	43.141
Business combinations	75	1.402	1.504	31	38	21	15	3.086
Additions to the scope of consolidation	-	-	-	588	12	-	-	600
Disposals	(32)	(2.463)	(788)	(1.714)	(114)	(1.165)	(40)	(6.316)
Transfers <sup>(1)</sup>	41	1.379	3.638	(3.777)	328	(5.515)	21	(3.885)
Currency translation differences	(236)	(1.706)	(2.069)	(2.554)	(160)	(606)	(63)	(7.394)
Current period depreciation	(1.388)	(3.375)	(7.934)	(4.676)	(2.106)	-	(433)	(19.912)
<b>Net book value at the end of the period</b>	<b>44.861</b>	<b>38.319</b>	<b>89.596</b>	<b>57.737</b>	<b>10.290</b>	<b>12.099</b>	<b>2.709</b>	<b>255.611</b>
<b>31 December 2022</b>								
Cost	62.883	60.554	212.551	73.211	28.694	12.099	7.187	457.179
Accumulated depreciation	(18.022)	(22.235)	(122.955)	(15.474)	(18.404)	-	(4.478)	(201.568)
<b>Net book value</b>	<b>44.861</b>	<b>38.319</b>	<b>89.596</b>	<b>57.737</b>	<b>10.290</b>	<b>12.099</b>	<b>2.709</b>	<b>255.611</b>

<sup>(1)</sup> Include transfers amounting to TL3.811 million from other non-current assets used in operational lease classified under property, plant and equipment to inventories and transfers amounting to TL74 million from property, plant and equipment to other intangible assets (Note 15).

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### NOTE 14 - GOODWILL

	2023	2022
<b>Net book value at the beginning of the period - 1 January</b>	<b>48.730</b>	<b>49.857</b>
Business combinations	399	-
Currency translation differences	(630)	(1.127)
<b>Net book value at the end of the period - 31 December</b>	<b>48.499</b>	<b>48.730</b>

The allocation of the goodwill is as follows:

	31 December 2023	31 December 2022
Tüpraş	41.177	41.177
Hitachi	4.012	4.198
Defy Group	1.298	1.480
Singer Bangladesh	1.019	1.134
Dawlance Group	546	704
Asogem	360	-
Other	87	37
	<b>48.499</b>	<b>48.730</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 2023 as a result of the impairment tests realised on the basis of cash generating units.

#### a) Tüpraş

In order to test for the impairment of the goodwill generated during the acquisition of Tüpraş, the listed Subsidiary of the Group, the market value of the Company has been used which was calculated over the share price at BIST and the net assets in the consolidated financial statements as of 31 December 2023.

#### b) Hitachi

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections denominated in USD, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2028. Cash flows for further periods were extrapolated using a constant growth rate of 1% (2022: 1%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 13,4% (2022: 12%) is used as after-tax discount rate in order to calculate the recoverable amount of the unit.

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### NOTE 14 - GOODWILL (Continued)

#### c) Defy Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections denominated in South African Rand, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2028. Cash flows for further periods were extrapolated using a constant growth rate of 7,2% (2022: 7,2%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 15,6% (2022: 14,7%) is used as after tax discount rate in order to calculate the recoverable amount of the unit.

#### 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 2023.

#### e) Dawlance Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections in Pakistan Rupee currency, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2028. Cash flows for further periods were extrapolated using a constant growth rate of 4,5% (2022: 4%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 18,28% (2022: 16,8%) is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

#### Sensitivity analysis:

The effects of 1% negative deviation on the significant assumptions used in the base scenario of impairment tests have been analysed for each cash generating unit. Positive deviations on recoverable amounts with respect to the carrying amounts including goodwill as a result of the sensitivity analysis performed as of 31 December 2023 are summarised in the following table:

	Tüpraş	Defy Hitachi	Singer Group	Dawlance Bangladesh	Group
Base scenario	45,5%	69,6%	30,1%	52,1%	122,1%
<b>Sensitivity analysis:</b>					
Long-term growth rate: 1% decrease	-	64,8%	36,8%	-	110,5%
Discount rate: 1% increase	-	60,3%	18,4%	-	101,6%
20% decrease in market value	21,3%	-	-	21,7%	-

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### NOTE 15 - OTHER INTANGIBLE ASSETS

	Rights	Brand	Deposit Base	Development Costs	Customer Relations	Other	Total
<b>1 January 2023</b>							
Cost	18.479	14.128	6.047	24.034	6.771	10.981	80.440
Accumulated amortisation	(11.473)	-	(2.519)	(15.067)	(1.397)	(3.574)	(34.030)
<b>Net book value</b>	<b>7.006</b>	<b>14.128</b>	<b>3.528</b>	<b>8.967</b>	<b>5.374</b>	<b>7.407</b>	<b>46.410</b>
Additions	1.327	-	-	3.975	-	1.355	6.657
Business combinations (Note 3)	2	-	-	-	654	1.305	1.961
Disposals	(2)	-	-	(492)	-	(48)	(542)
Transfers <sup>(1)</sup>	34	-	-	923	-	(802)	155
Currency translation differences	(46)	(417)	-	50	(449)	(186)	(1.048)
Current period amortisation	(959)	-	(864)	(2.079)	(633)	(955)	(5.490)
<b>Net book value at the end of the period</b>	<b>7.362</b>	<b>13.711</b>	<b>2.664</b>	<b>11.344</b>	<b>4.946</b>	<b>8.076</b>	<b>48.103</b>
<b>31 December 2023</b>							
Cost	19.638	13.711	6.047	28.568	6.829	12.147	86.940
Accumulated amortisation	(12.276)	-	(3.383)	(17.224)	(1.883)	(4.071)	(38.837)
<b>Net book value</b>	<b>7.362</b>	<b>13.711</b>	<b>2.664</b>	<b>11.344</b>	<b>4.946</b>	<b>8.076</b>	<b>48.103</b>
<sup>(1)</sup> Include transfers amounting to TL227 million from property, plant and equipment to other intangible assets (Note 13) and transfers amounting to TL72 million from other intangible assets to assets classified as held for sale (Note 24).							
	Rights	Brand	Deposit Base	Development Costs	Customer Relations	Other	Total
<b>1 January 2022</b>							
Cost	17.357	15.293	6.047	21.025	8.318	10.895	78.935
Accumulated amortisation	(10.690)	-	(1.656)	(13.459)	(999)	(3.125)	(29.929)
<b>Net book value</b>	<b>6.667</b>	<b>15.293</b>	<b>4.391</b>	<b>7.566</b>	<b>7.319</b>	<b>7.770</b>	<b>49.006</b>
Additions	1.218	-	-	1.890	-	2.077	5.185
Disposals	(63)	-	-	-	-	(259)	(322)
Transfers <sup>(1)</sup>	53	-	-	1.158	-	(1.137)	74
Currency translation differences	(57)	(1.165)	-	(40)	(1.264)	(87)	(2.613)
Current period amortisation	(812)	-	(863)	(1.607)	(681)	(957)	(4.920)
<b>Net book value at the end of the period</b>	<b>7.006</b>	<b>14.128</b>	<b>3.528</b>	<b>8.967</b>	<b>5.374</b>	<b>7.407</b>	<b>46.410</b>
<b>31 December 2022</b>							
Cost	18.479	14.128	6.047	24.034	6.771	10.981	80.440
Accumulated amortisation	(11.473)	-	(2.519)	(15.067)	(1.397)	(3.574)	(34.030)
<b>Net book value</b>	<b>7.006</b>	<b>14.128</b>	<b>3.528</b>	<b>8.967</b>	<b>5.374</b>	<b>7.407</b>	<b>46.410</b>

<sup>(1)</sup> Includes transfers from property, plant and equipment.

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### NOTE 15 - OTHER INTANGIBLE ASSETS (Continued)

Total research and development expenditures incurred in 2023 excluding amortisation amounts to TL5.250 million (2022: TL3.085 million).

As of 31 December 2023, net book value of intangible assets with indefinite useful lives amounted to TL13.711 million (2022: TL14.128 million) and consists of brands. The useful lives of the related brands are assessed as indefinite, since there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

The breakdown of the Group's brands is as follows:

	31 December 2023	31 December 2022
Yapı Kredi Bankası	8.385	8.385
Arçelik		
Grundig	2.811	2.827
Defy	1.614	1.816
Dawlance	719	915
Other	182	185
	<b>13.711</b>	<b>14.128</b>

#### Brand impairment test

##### Yapı Kredi Bankası brand

As of 31 December 2023, 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 20,2% 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 32% discount rate after tax. Value in use of the brand was calculated 6% above its carrying value and no impairment has been identified.

According to the sensitivity scenario in which 1% higher after tax discount rate is used in the value in use calculation, value in use of the brands is calculated 2% lower than their carrying amounts.

##### Arçelik brands

As of 31 December 2023, Arçelik brands have been tested for impairment using the royalty relief method. Sales forecasts, considered in the determination of the brand value, are based on the financial plans approved by the management covering a five year period. Beyond the five year period, sales forecasts have been extrapolated by 3% to 7,2% expected growth rates. The royalty income was estimated by applying 2% to 3% royalty rates to these sales forecasts. Estimated royalty income determined with the aforementioned method has been discounted using 9,3% to 18,2% discount rates after tax. Value in use of the brands has been calculated as 8,6 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 in the value in use calculation, value in use of the brands is calculated as 7,5 times of their carrying amounts.

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### NOTE 16 - BORROWINGS

	31 December 2023			31 December 2022		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
<b>Short-term borrowings <sup>(1)</sup>:</b>						
Bank borrowings	147.534	86.121	233.655	178.480	74.708	253.188
Debt securities in issue	97.470	25.290	122.760	61.039	51.263	112.302
Factoring payables	-	3.087	3.087	-	4.792	4.792
Lease liabilities	780	1.148	1.928	746	1.280	2.026
	<b>245.784</b>	<b>115.646</b>	<b>361.430</b>	<b>240.265</b>	<b>132.043</b>	<b>372.308</b>
<b>Long-term borrowings:</b>						
Bank borrowings	38.000	41.651	79.651	24.904	41.847	66.751
Debt securities in issue	103.949	57.326	161.275	115.898	62.523	178.421
Lease liabilities	2.621	3.846	6.467	2.511	3.757	6.268
	<b>144.570</b>	<b>102.823</b>	<b>247.393</b>	<b>143.313</b>	<b>108.127</b>	<b>251.440</b>
<b>Total borrowings</b>	<b>390.354</b>	<b>218.469</b>	<b>608.823</b>	<b>383.578</b>	<b>240.170</b>	<b>623.748</b>

<sup>(1)</sup> Includes short-term portion of long-term borrowings.

Group companies operating in Non-Finance sectors have borrowings amounting to TL4.818 million obtained from Yapı Kredi Bank and eliminated during the preparation of consolidated financial statements as of 31 December 2023 (31 December 2022: TL5.624 million).

#### Major borrowings in 2023:

##### Finance:

Yapı Kredi Bankası, a Subsidiary of the Group, funded USD 889,4 million and EUR 100 million under the DPR program with a maturity of 5 to 8 years with the participation of 8 investors in September and October.

Yapı Kredi Bankası, a Subsidiary of the Group, completed the sustainable bond issue with a nominal value of USD500 million, 5 years 1 month maturity and annual interest rate of 9,25% on 13 September 2023. With the additional issuance of USD300 million on 27 November 2023, the total amount of the bond reached USD800 million. The yield rate of the additional issuance was realised as 8.75%.

Koç Finansman, a Subsidiary of the Group, completed the issuance of bonds with a nominal value of TL2.060 million, maturity between 12 and 24 months and annual interest rates between 30,00% - 48,99%, with TL 645 million of principal and coupon payments at maturity and TL 1.415 million of coupon payments every 6 months and principal payments at maturity in 2023.

##### Non-finance:

Arçelik, a Subsidiary of the Group, issued bond with a nominal value of USD 400 million on 25 September 2023 and USD 100 million on 17 November 2023, both quoted on the Euronext Dublin Stock Exchange with semi-annually interest payment. Maturity of the bonds is 25 September 2028 and the coupon rate is 8,5%.

Setur, a Subsidiary of the Group, completed the issuance of financial bonds amounting to TL300 million, 373 days maturity, quarterly coupon payments, principal and coupon payments at the end of maturity and annual interest rate of 46% on 24 October 2023.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 16 - BORROWINGS (Continued)

Koç Sistem, a Subsidiary of the Group, completed the issuance of financial bonds with a nominal value of TL300 million, 179 days maturity, principal and coupon payments at the end of maturity and annual interest rate of 45% on 20 October 2023.

Aygaz, a Subsidiary of the Group, completed the issuance of financial bonds with a nominal value of TL150 million, 184 days maturity, principal and coupon payments at the end of maturity and annual interest rate of 38,5% on 5 July 2023.

Olympic, a Subsidiary of the Group, completed the bond issue with a nominal value of EUR150 million, maturity of 366 days on 29 March 2023.

Otokoç, a Subsidiary of the Group completed the bond issue with a nominal value of TL1 billion, 733 days maturity, coupon payments in every 3 months, principal and coupon payments at the end of maturity and annual interest rate of 39,50% on 28 July 2023.

Otokoç, a Subsidiary of the Group completed the bond issue with a nominal value of TL575 billion, 379 days maturity, principal and coupon payments at the end of maturity and annual interest rate of 30% on 19 January 2023.

Otokar, a Subsidiary of the Group completed the bonds issue with a nominal value of TL1.500 million, 740 and 752 days maturity, coupon payments in every 6 months, principal and coupon payments at the end of maturity and annual interest rate between 33% - 47% in 2023.

Bilkom, a Subsidiary of the Group completed the issuance of financial bonds with a nominal value of TL1.020 million, maturities between 176 and 179 days, coupon payments in every 6 months, principal and coupon payments at the end of maturity and annual interest rate between 30,5% - 48% in 2023.

Tat Gıda, a Subsidiary of the Group completed the issuance of bonds and financial bonds with a nominal value of TL1.800 million, maturities between 179 and 740 days, principal and coupon payments at the end of maturity and annual interest rate between 33% - 45% in 2023.

### Major borrowings before 2023:

#### Finance:

Yapı Kredi Bankası, a Subsidiary of the Group, launched a Basel III compliant subordinated note with an amount of USD500 million, 10 year maturity and an early payment option at the end of the 5th year on 22 January 2021. The note has 7,875% coupon rate and if the notes are not redeemed at the fifth year, the coupon will be reset as 5 year USD Treasury + 7,415% for the remaining 5 years.

Yapı Kredi Bankası issued a Basel III compliant debt instrument abroad with a nominal value of USD650 million, annual interest rate of 13,875% for the first five years and mid-swap +11,24% for the next five years on 15 January 2019. In the decision of board of directors of Yapı ve Kredi Bankası dated 14 December 2023, it was announced that the debt instrument would be repaid on 15 January 2024, the first reset date, and it was paid on the relevant date.

Koç Finansman, a Subsidiary of the Group completed the bond issues with a nominal value of TL265 million, 13 months maturity, principal and coupon payments at the end of maturity and annual interest rate of 32,50% in 2022.

#### Non-Finance:

Arçelik completed the bond issue with a nominal value of TL650 million, coupon payments in every 3 months with variable interest rate on 13 April 2022. Maturity of the bond is 5 April 2024 and coupon interest rate is DIBS+130.

Arçelik obtained the green loan amounting to EUR150 million from European Bank for Reconstruction and Development with maturity of 8 years and interest rate of 2,35% to be used in energy and resource efficiency investments and R&D infrastructure in production facilities in Turkey on November 2021.

Arçelik completed the green bond issue, quoted on the Irish Stock Exchange, with a nominal value of EUR350 million, maturity of 5 years, coupon payments in each year, principal and coupon payments at the end of maturity and annual interest rate of 3% on 25 May 2021.

Koç Holding completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD750 million, maturity of 6 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 6,625% on 11 March 2019.

Tüpraş completed the bond issue, quoted on the London Stock Exchange, with a nominal value of USD700 million, maturity of 7 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 4,5% on 18 October 2017.

Tüpraş 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 loans were closed as of 15 October 2023. (31 December 2022: USD193 million).



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### NOTE 16 - BORROWINGS (Continued)

The redemption schedule of long-term financial liabilities is as follows:

	31 December 2023	31 December 2022
1-2 years	98.770	92.515
2-3 years	23.862	64.266
3-4 years	27.207	40.852
4-5 years	35.866	5.932
5 years and over	61.688	47.875
	<b>247.393</b>	<b>251.440</b>

Movement of the financial liabilities as of 31 December 2023 and 2022 is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>623.748</b>	<b>774.908</b>
Additions	347.301	218.303
Repayments of borrowings	(326.554)	(161.804)
New lease contracts/impact of lease modifications	5.945	5.344
Cash outflows from payments of lease liabilities	(4.204)	(4.249)
Change in exchange rates	227.275	121.042
Change in interest accruals	5.971	5.952
Currency translation differences	(9.227)	4.801
Business combinations (Note 3)	598	-
Transfers to liabilities related to asset held for sale (Note 24)	(2.993)	-
Consolidation eliminations and adjustments	(4.923)	(9.394)
Monetary gain/(loss)	(254.114)	(331.155)
<b>End of the period - 31 December</b>	<b>608.823</b>	<b>623.748</b>

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### NOTE 17 - PAYABLES OF FINANCE SECTOR OPERATIONS

	31 December 2023	31 December 2022
Short-term payables to finance sector operations	1.125.971	1.165.279
Long-term payables to finance sector operations	10.118	8.629
	<b>1.136.089</b>	<b>1.173.908</b>

Breakdown of payables to finance sector operations is as follows:

	31 December 2023			31 December 2022		
	Demand	Time	Total	Demand	Time	Total
<b>TL deposits</b>						
Saving deposits	71.512	327.654	399.166	80.177	271.551	351.728
Commercial deposits	53.801	136.126	189.927	69.959	172.887	242.846
Interbank deposits	677	21.233	21.910	600	13.567	14.167
Funds deposited under repurchase agreements	-	10.789	10.789	-	38.099	38.099
Public sector deposits	5.846	3.256	9.102	1.770	3.168	4.938
	<b>131.836</b>	<b>499.058</b>	<b>630.894</b>	<b>152.506</b>	<b>499.272</b>	<b>651.778</b>
<b>Foreign currency deposits</b>						
Saving deposits	210.160	81.496	291.656	196.582	108.594	305.176
Commercial deposits	110.317	55.465	165.782	118.895	82.751	201.646
Interbank deposits	465	10.142	10.607	1.584	1.530	3.114
Funds deposited under repurchase agreements	-	37.150	37.150	-	12.194	12.194
	<b>320.942</b>	<b>184.253</b>	<b>505.195</b>	<b>317.061</b>	<b>205.069</b>	<b>522.130</b>
	<b>452.778</b>	<b>683.311</b>	<b>1.136.089</b>	<b>469.567</b>	<b>704.341</b>	<b>1.173.908</b>

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### NOTE 18 - TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Current income tax liabilities	24.463	40.750
Less: Prepaid income tax	(17.189)	(31.373)
<b>Current income tax liabilities (net)</b>	<b>7.274</b>	<b>9.377</b>
Deferred tax assets	20.304	9.770
Deferred tax liabilities	(15.179)	(11.810)
<b>Deferred tax assets/(liabilities) (net)</b>	<b>5.125</b>	<b>(2.040)</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.

The corporation tax rate is 25% in Turkey in 2023 (30% for Finance sector) (2022: 23%, 25% for Finance sector). 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 No 7440 on the "Restructuring of Certain Receivables and Amendments to Certain Laws" published in the Official Gazette on 12 March 2023, an additional tax of 10% is to be calculated over the exemptions and deductions subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022 and without being associated with the period's income; and an additional tax of 5% is to be calculated over the exempted earnings. As of 31 December 2023, related tax amounts were calculated and accrued in the financial statements of Koç Holding, its Subsidiaries and Joint Ventures. The impacts of the additional tax on the consolidated current income tax expense and consolidated net profit attributable to the equity holders of the parent is TL4,1 billion and TL3,3 billion, respectively. The first instalment regarding the aforementioned tax was paid in May 2023 and the second instalment was paid in August 2023.

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### NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Income tax expenses in the consolidated income statements are summarised as follows:

	2023	2022
Current period tax expense	(31.292)	(49.564)
Deferred tax expense (net)	(3.670)	(4.426)
	<b>(34.962)</b>	<b>(53.990)</b>
<b>Profit before tax</b>	<b>152.695</b>	<b>183.566</b>
Less: Share of profit/loss of Joint Ventures	(30.720)	(16.157)
<b>Profit before tax (excluding share of profit/(loss) of Joint Ventures)</b>	<b>121.975</b>	<b>167.409</b>
Domestic tax rate	25%	23%
Tax calculated at domestic tax rate	(30.494)	(38.504)
Investment tax credits	12.891	12.306
Tax allowances/exemptions	3.893	2.718
Additions	(2.470)	(2.243)
Tax rate differences/changes	(3.806)	(760)
Tax losses and other tax advantages (net effect)	596	(322)
Temporary differences which no deferred tax recognized	(24.687)	(34.676)
Monetary gain/(loss) <sup>(1)</sup>	12.168	3.446
Other	(3.053)	4.045
<b>Tax income/(expense)</b>	<b>(34.962)</b>	<b>(53.990)</b>

<sup>(1)</sup> Includes the effect of adjustments related to inflation accounting within the scope of the communiqué numbered 32415 of the Tax Procedure Law dated 30 December 2023.

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### NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Koç Holding, its Subsidiaries and Joint Ventures, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Property, plant and equipment and intangible assets	82.592	174.060	(21.507)	(33.670)
Investment incentives <sup>(1)</sup>	-	-	10.151	18.548
Impairment provision for loans and receivables	(23.766)	(39.794)	7.096	9.939
Inventories	(12.358)	6.983	3.300	(1.262)
Provision for the pension fund obligations	(10.028)	(4.853)	3.008	1.213
Provision for employment termination benefits	(9.834)	(11.056)	2.431	2.493
Deductible tax losses and other tax advantages	(6.963)	(6.538)	1.958	1.813
Warranty and assembly provisions	(7.171)	(4.193)	1.761	860
Provisions for unused vacations	(1.192)	(1.089)	334	255
Derivative instruments	18.785	17.543	(5.884)	(4.241)
Other (net)	(5.426)	(13.694)	2.477	2.012
<b>Deferred tax assets/(liabilities) (net)</b>			<b>5.125</b>	<b>(2.040)</b>

<sup>(1)</sup> Tüpraş, a Subsidiary of the Group, was granted a large-scaled investment incentive for the Residuum 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. The Company indexed the unused investment incentives within the scope of both incentive certificates with a valuation rate of 58,46%. In accordance with the related investment incentives, tax credits of TL7.625 million as of 31 December 2023 (31 December 2022: TL16.051 million) that Tüpraş will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Gains of Arçelik, arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that the investment reaches to the contribution amount. In accordance with the related investment incentives, tax credits of TL2.526 million as of 31 December 2023 (31 December 2022: TL2.374 million) that Arçelik will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Net deferred tax assets and liabilities recognised in the Subsidiaries' financial statements prepared in accordance with TFRS, are separately classified under deferred tax assets and liabilities accounts in Koç Holding's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented above, which are prepared on the basis of gross amounts, present the net deferred tax position.

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### NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

#### Tax Advantages Obtained Under the Investment Incentive System:

Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which initiates when the investment starts to operate and ends when the maximum investment contribution amount is reached partly or fully. Within this scope, tax credits of TL10.151 million (31 December 2022: TL18.548 million) have been recognised as deferred tax asset in the consolidated financial statements as of 31 December 2023, which are expected to be recovered in the foreseeable future. TL8.397 million of deferred tax income is recognised in the consolidated income statement for the period 1 January - 31 December 2023 following the accounting of the mentioned 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. Deferred tax assets are recognised for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives, which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognises deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Group expects to recover related deferred tax assets within 5 years from the balance sheet date.

According to the sensitivity analysis performed as of 31 December 2023, when the inputs of key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 5 year recovery period of deferred tax assets related to the investment incentives.

The redemption schedule of carry forward tax losses which are not considered in deferred tax calculation is as follows:

	31 December 2023	31 December 2022
Up to 1 year	839	773
Up to 2 years	268	807
Up to 3 years	986	427
Up to 4 years	875	870
5 years and above	2.658	2.949
	<b>5.626</b>	<b>5.826</b>

Movements in deferred tax assets/(liabilities) are as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>(2.040)</b>	<b>4.358</b>
Charge to the income statement	(3.670)	(4.426)
Charge to equity:		
- Gains/(losses) on financial assets measured at fair value through other comprehensive income	4.516	(5.473)
- Gains/(losses) on cash flow hedges	436	(4.877)
- Gains/(losses) on hedges of net investments in foreign operation	1.815	1.595
- Gains/(losses) on remeasurements of defined benefit plans	2.059	1.804
Business combinations (Note 3)	(814)	216
Currency translation differences	2.823	4.763
<b>End of the period - 31 December</b>	<b>5.125</b>	<b>(2.040)</b>

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### NOTE 19 - PROVISIONS FOR EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
Provision for the pension fund	10.028	4.853
Provision for employment termination benefits	9.790	12.514
Provision for unused vacations	1.654	1.456
	<b>21.472</b>	<b>18.823</b>
<b>Provision for employment termination benefits:</b>		
- Domestic	8.408	11.082
- Foreign	1.382	1.432
	<b>9.790</b>	<b>12.514</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).

As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TL23.489,83 (31 December 2022: TL15.371,40) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of Koç Holding and its Subsidiaries registered in Turkey arising from the retirement of employees.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL35.058,58 effective from 1 January 2024 (1 January 2023: TL19.982,83) has been taken into consideration in calculating the consolidated reserve for employment.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the Subsidiaries within the scope of consolidation.

	31 December 2023	31 December 2022
Net discount rate (%)	2,90	0,55
Turnover rate to estimate the probability of retirement (%)	93,83	94,47

Movements in the provision for employment termination benefits are as follows:

<b>Beginning of the period - 1 January</b>	<b>12.514</b>	<b>7.206</b>
Increases during the period	2.404	3.873
Losses on remeasurement of defined benefit plans	2.151	6.403
Payments during the period	(2.982)	(759)
Interest expense	354	333
Currency translation differences	18	19
Monetary gain/(loss)	(4.669)	(4.561)
<b>End of the period - 31 December</b>	<b>9.790</b>	<b>12.514</b>

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### NOTE 19 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

#### Provision for the pension fund:

Yapı Kredi Bankası, a Subsidiary of the Group, accounted for a provision amounting to TL10.028 million (31 December 2022: TL4.853 million) as of 31 December 2023 for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% 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 2023	31 December 2022
Present value of funded obligations	18.120	13.544
- Pension benefits transferable to SSI	11.187	15.716
- Post-employment medical benefits transferable to SSI	6.933	(2.172)
Fair value of plan assets	(8.092)	(8.691)
	<b>10.028</b>	<b>4.853</b>

The fair value of pension assets are comprised as follows:

	31 December 2023	%	31 December 2022	%
Bank placements	2.313	29,0	2.039	23,0
Government bonds and treasury bills	3.667	45,0	4.756	55,0
Property, plant and equipment	1.583	20,0	1.455	17,0
Other	529	6,0	441	5,0
	<b>8.092</b>	<b>100</b>	<b>8.691</b>	<b>100</b>

The principal actuarial assumptions used are as follows:

	31 December 2023	31 December 2022
Discount rates (%):		
- Pension benefits transferable to SSI	9,80	9,80
- Post-employment medical benefits transferable to SSI	9,80	9,80

The average life expectancy of a pensioner is defined according to CSO 1980 mortality table.

The sensitivity analysis of provision for the pension fund is as follows:

% change in defined benefit obligation	%
Discount rate +1%	(11,60)
Discount rate -1%	14,36
Price inflation +1%	14,53
Price inflation -1%	(11,98)



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### NOTE 20 - PROVISIONS

a) Short-term provisions	31 December 2023	31 December 2022
Provisions for warranty and assembly	4.424	4.422
Provisions for transportation	1.132	1.073
Provisions for demurrage	883	442
Expense accruals of construction contracts	820	824
Provision for price revision <sup>(1)</sup>	571	598
Provisions for lawsuits and penalties	257	766
Provision for Energy Market Regulation Authority participation share	220	239
Other	2.608	2.337
	<b>10.915</b>	<b>10.701</b>

<sup>(1)</sup> As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Group, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and provision amount has been revised as USD19 million (total TL571 million) based on the best estimates of the Company management as of 31 December 2023 (31 December 2022: USD19 million - TL598 million).

b) Other long-term provisions	31 December 2023	31 December 2022
Provisions for non-cash loans	3.294	3.665
Provisions for warranty	1.120	940
Provisions for lawsuits and penalties	353	393
Provisions for credit card points	195	181
Other	129	104
	<b>5.091</b>	<b>5.283</b>

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 2023 and 2022 are as follows:

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits
<b>As of 1 January 2023</b>	<b>3.665</b>	<b>5.362</b>	<b>824</b>	<b>1.159</b>
Additions	1.370	10.526	409	196
Disposals/(payments)	-	(8.934)	-	(50)
Business combinations	-	122	-	-
Reversals	-	-	-	(331)
Transfers	-	-	-	(8)
Currency translation differences	(2)	(87)	-	73
Monetary gain/(loss)	(1.739)	(1.445)	(413)	(429)
<b>As of 31 December 2023</b>	<b>3.294</b>	<b>5.544</b>	<b>820</b>	<b>610</b>

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### NOTE 20 - PROVISIONS (Continued)

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits
<b>As of 1 January 2022</b>	<b>4.656</b>	<b>5.431</b>	<b>875</b>	<b>1.112</b>
Additions	971	8.929	344	628
Disposals/(payments)	(5)	(7.548)	-	(59)
Business combinations	-	30	-	-
Currency translation differences	17	(521)	-	-
Monetary gain/(loss)	(1.974)	(959)	(395)	(522)
<b>As of 31 December 2022</b>	<b>3.665</b>	<b>5.362</b>	<b>824</b>	<b>1.159</b>

### NOTE 21 - OTHER RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
<b>a) Other receivables</b>		
VAT and SCT receivables	18.757	14.185
Taxes and funds deductible	3.172	5.250
	<b>21.929</b>	<b>19.435</b>
<b>b) Other short-term payables</b>		
Taxes and duties payable	28.059	19.702
Social security premiums payable	2.139	1.247
Other	41	8
	<b>30.239</b>	<b>20.957</b>

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### NOTE 22 - OTHER ASSETS AND LIABILITIES

a) Other current assets	31 December 2023	31 December 2022
Prepaid expenses	71.419	62.474
Pledged assets <sup>(1)</sup>	30.730	40.745
Short-term assets used in operational lease	13.860	12.764
Interbank cheque clearing accounts	12.831	9.568
Advances given	7.129	9.971
Income accruals	3.603	5.107
Assets received for commitments of loans and receivables	3.298	3.462
Gold reserves	2.195	6.771
Income accrual on commodity hedge	241	475
Deposits and guarantees given	222	421
Other	2.615	2.258
	<b>148.143</b>	<b>154.016</b>

<sup>(1)</sup> Includes collaterals given by Yapı Kredi Bankası to the counter parties of derivative transactions.

The movement of short-term assets used in operational lease is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>12.764</b>	<b>10.511</b>
Additions	10.842	8.158
Transfers <sup>(1)</sup>	(7.542)	(4.880)
Current period depreciation	(2.202)	(706)
Currency translation differences	(2)	(319)
<b>End of the period - 31 December</b>	<b>13.860</b>	<b>12.764</b>

<sup>(1)</sup> Represents the net amount of transfers from other non-current assets used in operational lease classified under property, plant and equipment and transfers to inventories.

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### NOTE 22 - OTHER ASSETS AND LIABILITIES (Continued)

<b>b) Other non-current assets</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Spare parts and other materials	9.956	8.503
Advances given	5.320	3.498
Prepaid expenses	702	416
Other	345	378
	<b>16.323</b>	<b>12.795</b>

<b>c) Other current liabilities</b>		
Credit card payables	61.554	56.955
Accruals for sales and incentive bonus	10.757	9.481
Interbank/customer clearing accounts	10.177	10.343
Deposits and guarantees received	8.054	9.073
Payables to personnel and premium accruals	7.461	6.215
Advances received	5.353	3.036
Miscellaneous payables to bank customers	5.099	3.839
Revenue share <sup>(1)</sup>	4.858	5.576
Import deposits and transfer orders	3.919	1.221
Deferred income	3.055	3.489
Accruals for rent and advertising expenses	794	828
Saving deposit insurance fund payable	566	508
License fee expense accruals	306	346
Blocked deposits	197	592
Other	13.145	16.321
	<b>135.295</b>	<b>127.823</b>

<sup>(1)</sup> 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).

<b>d) Other non-current liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred income	5.186	4.491
Liabilities related to the business combinations <sup>(1)</sup>	3.865	4.510
Deposits and guarantees received	213	215
Other	662	828
	<b>9.926</b>	<b>10.044</b>

<sup>(1)</sup> Represents the fair value of the consideration amount of Arçelik, a Subsidiary of the Group as of 31 December 2023, regarding the purchase of entire shares of IHP Appliances JSC and IHP Appliances Sales LLC dated 31 August 2022.

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### NOTE 23 - EQUITY

#### Share Capital

Koç Holding adopted the registered share capital system and its registered and issued share capital is as follows:

	31 December 2023
Limit on registered share capital (historical)	5.000
Issued share capital in nominal value	2.536

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.

The shareholding structure of Koç Holding is as follows:

	31 December 2023		31 December 2022	
	Share %	Amount	Share %	Amount
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş.	43,75	1.109	43,65	1.107
Koç Family Members	18,65	473	18,65	473
Rahmi M. Koç ve Mahdurları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	1,40	35	1,40	35
<b>Total Koç Family members and companies owned by Koç Family members</b>	<b>63,80</b>	<b>1.617</b>	<b>63,70</b>	<b>1.615</b>
Vehbi Koç Vakfı	7,26	184	7,26	184
Koç Holding Emekli ve Yardım Sandığı Vakfı	2,35	60	2,35	60
Treasury shares <sup>(1)</sup>	0,04	1	0,04	1
Other	26,55	673	26,65	675
<b>Paid-in share capital</b>	<b>100,00</b>	<b>2.536</b>	<b>100,00</b>	<b>2.536</b>
Adjustment to share capital <sup>(2)</sup>		46.957		46.957
<b>Total share capital</b>		<b>49.493</b>		<b>49.493</b>

<sup>(1)</sup> Refers to shares that have been repurchased and publicly traded as of 31 December 2023.

<sup>(2)</sup> 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 23 - EQUITY (Continued)

The historical values and inflation adjustment effects of the following accounts under shareholders' equity of Koç Holding as of 31 December 2023 in accordance with TFRS and Tax Procedure Law ("TPL") financial statements are as follows:

31 December 2023 (TFRS)	Historical value	Inflation adjustment effect	Indexed value
Paid-in share capital	2.536	46.957	49.493
Share premium	9	220	229
Legal reserves	507	4.092	4.599
Special reserves	4.612	1.276	5.888

31 December 2023 (TPL)	Historical value	Inflation adjustment effect	Indexed value
Paid-in share capital	2.536	51.621	54.157
Share premium	9	197	206
Legal reserves	507	9.439	9.946
Special reserves	4.612	1.335	5.947

Retained earnings recognised in the consolidated balance sheet prepared in accordance with TFRS within the scope of the transition to TAS 29 is amounted to TL71.918 million as of 1 January 2022 and the amount calculated on purchasing power basis amounted to TL194.663 million as of 31 December 2023.

The analysis of shares by group is as follows:

Group	Unit of shares	Million TL	Nature of shares
A	67.877.342.230	679	Registered
B	185.712.462.770	1.857	Registered
		<b>2.536</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).

### Treasury shares

Driven by the recent market conditions and the impacts of the developments in the global economies on the sectors operated in and on the Turkish capital markets, the current market price and the current net asset value discount of Koç Holding A.Ş. shares traded at Borsa İstanbul is deemed ineffective in reflecting the true value and fundamentals of Koç Holding. In this respect, in order to contribute to the fair valuation of Koç Holding A.Ş. shares, the Board of Directors of Koç Holding A.Ş. resolved to initiate a share buyback program from the market as of 1 July 2021. Within the scope of related decision, equivalent of 0,04% of the share capital with a nominal value of TL890 thousand (31 December 2022: TL890 thousand) were bought back, with a total cost of TL62 million including the transaction costs of which clearings have been completed as of 31 December 2023. (31 December 2022: TL62 million). No treasury shares have been sold as of the date of the report.

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### NOTE 23 - EQUITY (Continued)

#### Other Comprehensive Income/Expense

	31 December 2023	31 December 2022
<b>Items not to be reclassified to profit/loss:</b>		
Gains/(losses) on remeasurement of defined benefit plans	(7.622)	(4.738)
	<b>(7.622)</b>	<b>(4.738)</b>
<b>Items to be reclassified to profit/loss:</b>		
Currency translation differences	20.538	20.712
Gains/(losses) on hedge	(16.122)	(6.553)
- Cash flow hedge	(263)	4.810
- Net investment hedge	(15.859)	(11.363)
Gains/(losses) on financial assets measured at fair value through other comprehensive income	6.985	13.745
	<b>11.401</b>	<b>27.904</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 2023	31 December 2022
Legal reserves	4.599	4.599
Special reserves	5.888	387
Reserves for treasury shares <sup>(1)</sup>	62	62
	<b>10.549</b>	<b>5.048</b>

<sup>(1)</sup> In accordance with the TCC and CMB regulations, reserves are provided for the treasury shares in an amount corresponding to the purchase price. In this context, reserves are provided within the legal reserves amounting to TL62 million (31 December 2022: TL62 million) including the transaction costs in the consolidated financial statements as of 31 December 2023 for the treasury shares.

Within the scope of the Exemption for Sale of Property and Participation Shares, the gains in statutory financial statements arising from the sale of investments and sale of properties have been classified under "Special Reserves".

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### NOTE 23 - 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 2023, total amount of reserves that can be subject to dividend distribution without creating additional corporate tax burden is TL29.568 million.

At the Ordinary General Assembly Meeting of Koç Holding held on 22 March 2023, it was decided to distribute TL4.394.711.320,65 cash dividend to shareholders, TL2.090.363.132,93 dividend to usufruct shareholders and TL15.000.000 dividend to Koç Holding Emekli ve Yardım Sandığı Vakfı. Cash dividend and dividend payments were completed as of 27-29 March 2023. The total amount of dividend and profit share payments calculated on a purchasing power basis is amounting to TL9.521 million as of 31 December 2023.



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### NOT 24 - ASSETS HELD FOR SALE

Studies have been initiated related to Tat Gıda, a Subsidiary of the Group, in order to explore strategic alternatives including sale of its shares and sale of Tat Gıda shares were completed on 19 February 2024 (Note 38). In this context, all 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 2023.

A summary of information regarding assets and liabilities related to assets held for sale is as follows:

<b>Assets held for sale</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash and cash equivalents	18	-
Trade receivables	215	-
Inventories	3.077	-
Property, plant and equipment	1.482	-
Intangible assets	72	-
Investment properties	354	215
Other assets	434	-
	<b>5.652</b>	<b>215</b>
<b>Liabilities related to assets held for sale</b>		
Borrowings	2.993	-
Trade payables	747	-
Provision for employee benefits	67	-
Other liabilities	340	-
	<b>4.147</b>	<b>-</b>

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### NOTE 25 - REVENUE

#### Non-finance revenue

	2023	2022
Domestic revenue	875.417	989.676
Foreign revenue	343.606	409.796
<b>Revenue</b>	<b>1.219.023</b>	<b>1.399.472</b>
Sales of goods	1.180.386	1.369.726
Sales of services	38.637	29.746
<b>Revenue</b>	<b>1.219.023</b>	<b>1.399.472</b>

The Group has accounted for revenue amounting to TL1.209.771 million (2022: TL1.379.587 million) related to performance obligation at a point in time and TL9.252 million (2022: TL19.885 million) related to performance obligation over time.

#### Revenue from finance sector operations

	2023	2022
Interest income	287.046	253.189
Fee and commission income	63.826	40.700
Other operating income	34.752	22.581
<b>Revenue from finance sector operations</b>	<b>385.624</b>	<b>316.470</b>

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### NOTE 26 - EXPENSES BY NATURE

Expenses by nature include cost of goods sold, marketing expenses, general administrative expenses and research and development expenses.

	2023	2022
Raw materials and supplies	612.528	770.858
Changes in work in progress and finished goods	(20.237)	(26.331)
Cost of merchandise sold	316.868	357.241
Personnel expenses	86.692	69.176
Depreciation and amortisation charges	30.612	25.457
Transportation, distribution and storage expenses	23.883	27.280
Energy and utility expenses	20.541	31.893
Warranty and assembly costs	10.554	8.900
Advertisement and promotion expenses	10.486	9.628
Maintenance and repair expenses	10.369	8.074
Outsourcing expenses	10.350	6.623
Information systems and communication expenses	4.666	4.646
Rent expenses <sup>(1)</sup>	4.505	2.981
Litigation and consultancy expenses	3.713	2.743
Insurance expenses	3.692	2.826
Taxes, duties and charges	3.508	2.421
Grants and donations	3.117	1.167
Sales, incentives and premium expenses	2.771	2.324
SDIF expenses	2.483	1.771
Travel expenses	1.940	1.640
Royalty and license expenses	1.264	1.225
Other	9.687	10.262
	<b>1.153.992</b>	<b>1.322.805</b>

<sup>(1)</sup> In 2023, TL3.600 million (2022: TL2.288 million) of the rent expenses is related to variable leases, TL607 million (2022: TL471 million) is related to short-term leases and TL298 million (2022: TL222 million) is related to low-value leases.

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### NOTE 26 - EXPENSES BY NATURE (Continued)

The functional breakdowns of depreciation, amortisation and personnel expenses are as follows:

	2023	2022
<b>Depreciation and amortisation charges</b>		
Cost of sales	16.130	12.808
Marketing expenses	3.940	3.828
General administrative expenses	8.549	7.163
Research and development expenses	1.993	1.658
	<b>30.612</b>	<b>25.457</b>

Total depreciation charges capitalised in 2023 is TL64 million (2022: TL150 million).

	2023	2022
<b>Personnel expenses</b>		
Cost of sales	25.597	19.772
Marketing expenses	12.843	10.660
General administrative expenses	47.494	38.049
Research and development expenses	758	695
	<b>86.692</b>	<b>69.176</b>

### Cost of finance sector operations

	2023	2022
Interest expense	192.541	104.820
Fee, commissions and other expenses	39.509	20.663
<b>Cost of finance sector operations</b>	<b>232.050</b>	<b>125.483</b>

### Fees for Services Received from Independent Auditor/Independent Audit Firms

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2022, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2023 and calculated on purchasing power basis as of 31 December 2023 are as follows:

	2023 <sup>(1)</sup>	2022 <sup>(1)</sup>
Audit and assurance fee	140	143
Tax consulting fee	66	16
Other assurance services fee	26	9
Other service fee apart from audit	3	2
	<b>235</b>	<b>170</b>

<sup>(1)</sup> The fees above have been determined through including the legal audit and other related service fees of all Subsidiaries and Joint Ventures, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

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### NOTE 27 - OTHER OPERATING INCOME/(EXPENSES)

	2023	2022
<b>Other operating income</b>		
Foreign exchange gains arising from trading activities	26.629	17.830
Credit finance income arising from trading activities	8.477	9.321
Reversals of provisions	489	606
Income from claims and grants	416	249
Other	2.262	2.254
	<b>38.273</b>	<b>30.260</b>
<b>Other operating expenses</b>		
Foreign exchange losses arising from trading activities	(43.642)	(40.987)
Provision expenses for loans and receivables	(12.069)	(25.194)
Credit finance charges arising from trading activities	(8.128)	(5.121)
Other	(1.103)	(2.023)
	<b>(64.942)</b>	<b>(73.325)</b>

### NOTE 28 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

	2023	2022
<b>Gains from investment activities</b>		
Gain on sale of property, plant and equipment and scraps	516	84
Rent income	286	277
Gain on sale of financial asset	269	-
Gain on fair value change of financial assets	134	652
Dividend income	93	201
Gain on bargain purchase (Note 3)	3	2.677
Changes in contingent liabilities	-	59
	<b>1.301</b>	<b>3.950</b>
<b>Losses from investment activities</b>		
Loss on sale of property, plant and equipment and other intangible assets	(130)	(262)
	<b>(130)</b>	<b>(262)</b>

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### NOTE 29 - FINANCIAL INCOME/(EXPENSES)

	2023	2022
<b>Financial income</b>		
Foreign exchange gains <sup>(1)</sup>	39.163	38.222
Interest income	18.812	4.999
Gains on derivative instruments	13.037	12.304
Other financial income	587	271
	<b>71.599</b>	<b>55.796</b>
<b>Financial expenses</b>		
Foreign exchange losses <sup>(1)</sup>	(60.363)	(53.194)
Interest expenses <sup>(2)</sup>	(26.166)	(24.724)
Losses on derivative instruments	(8.060)	(13.594)
Other financial expenses	(1.587)	(564)
	<b>(96.176)</b>	<b>(92.076)</b>

<sup>(1)</sup> Foreign exchange income/(expenses) arising from trading activities (trade receivables and payables) are accounted for under "other operating income/(expenses)".

<sup>(2)</sup> In 2023, TL534 million of interest expense is related to lease liabilities (2022: TL462 million).

### NOTE 30 - RELATED PARTY DISCLOSURES

#### a) Related party balances

	31 December 2023			31 December 2022		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Trade receivables	10.232	849	11.081	8.039	1.009	9.048
Trade payables	10.785	936	11.721	10.722	680	11.402
Loans and advances given	4.191	1.405	5.596	6.680	1.929	8.609
Deposits	8.471	30.870	39.341	14.455	29.874	44.329
Borrowings	-	200	200	-	135	135

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### NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

#### b) Related party transactions

	2023			2022		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	193.452	1.974	195.426	196.413	1.873	198.286
Purchases of goods and services	89.321	4.583	93.904	68.524	3.389	71.913
Interest expense (-)	-	(48)	(48)	-	(54)	(54)

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 2023, TL5.939 million (31 December 2022: TL4.809 million) of trade receivables is composed of Tüpraş balances against Opet and THY Opet, TL1.843 million (31 December 2022: TL1.447 million) of trade receivables is composed of balances of Zer Ticaret and TL855 million (31 December 2022: TL554 million) of trade receivables is composed of balances of Ram Dış Ticaret arising from the sales transactions with other Group companies. TL8.668 million (31 December 2022: TL8.336 million) of trade payables is composed of balances due to vehicle purchases of Otokoç from Ford Otosan and Tofaş, and TL1.335 million (31 December 2022: TL411 million) of trade payables is composed of balances due to air conditioner purchases of Arçelik from Arçelik LG. Loans and advances given and deposit balances arise from loan and deposit transactions of Yapı Kredi Bankası, a Subsidiary of the Group, with Joint Ventures and other related parties.

TL171.151 million (31 December 2022: TL178.833 million) of sales of goods and services is composed of balances arising from the sales of Tüpraş' petroleum products to Opet and THY Opet for the year ended 31 December 2023. TL65.307 million (31 December 2022: TL43.370 million) of purchases of goods and services is composed of balances due to Otokoç's vehicle purchases from Ford Otosan and Tofaş, and TL7.276 million (31 December 2022: TL5.548 million) of purchases of goods and service is composed of transactions due to air conditioner purchases of Arçelik from Arçelik LG.

#### c) Key management compensation

The key management of Koç Holding is identified as the members of the Board of Directors (including the President), CEO and the Group Presidents. As of 31 December 2023, total key management compensation incurred by Koç Holding amounted to TL2.594 million (31 December 2022: TL2.542 million) on the purchasing power basis of 31 December 2023. TL244 million of the respective amount is related to the payments made for employee leaves and the remaining portion is comprised of short-term employee benefits (31 December 2022: TL705 million).

After charging the costs to Koç Group companies to whom services are provided, the cost incurred by Koç Holding A.Ş. amounted to TL932 million (31 December 2022: TL836 million) on the purchasing power basis of 31 December 2023. TL55 million of this amount is related to the payments made for employee leaves (31 December 2022: TL155 million).

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### NOTE 31 - 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 2023			
	Non-controlling interest %	Gains/(losses) attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Yapı Kredi Bankası	44,31	7.995	92.181	5.134
Tüpraş	53,88	28.875	112.803	15.824
Arçelik	53,87	4.880	33.878	2.137
Aygaz	59,32	1.786	10.610	353

Subsidiary	31 December 2022			
	Non-controlling interest %	Gains/(losses) attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Yapı Kredi Bankası	37,51	11.781	85.382	827
Tüpraş	53,88	37.474	99.681	157
Arçelik	54,84	4.386	32.987	2.279
Aygaz	59,32	66	8.730	292

Condensed financial information of Subsidiaries after consolidation adjustments and before eliminations is as follows:

### Condensed balance sheet information:

	31 December 2023			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Cash and cash equivalents	334.868	97.324	48.792	3.374
Receivables from finance sector operations	953.659	-	-	-
Other current assets	169.691	103.875	122.530	6.769
Deferred tax assets	475	9.664	8.231	334
Other non-current assets	436.385	160.883	76.206	16.777
<b>Total assets</b>	<b>1.895.078</b>	<b>371.746</b>	<b>255.759</b>	<b>27.254</b>
Short-term borrowings	241.936	29.968	57.448	2.127
Payables to finance sector operations	1.156.825	-	-	-
Other current liabilities	115.506	125.329	80.353	6.909
Long-term borrowings	143.005	5.358	44.461	93
Other non-current liabilities	29.792	3.416	16.086	480
<b>Total liabilities</b>	<b>1.687.064</b>	<b>164.071</b>	<b>198.348</b>	<b>9.609</b>
<b>Total equity</b>	<b>208.014</b>	<b>207.675</b>	<b>57.411</b>	<b>17.645</b>



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### NOTE 31 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)

	31 December 2022			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Cash and cash equivalents	320.605	80.795	40.416	3.010
Receivables from finance sector operations	1.031.956	-	-	-
Other current assets	176.371	116.812	113.579	9.293
Deferred tax assets	3.175	2.065	3.824	206
Other non-current assets	438.811	152.403	72.163	16.873
<b>Total assets</b>	<b>1.970.918</b>	<b>352.075</b>	<b>229.982</b>	<b>29.382</b>
Short-term borrowings	232.219	19.763	58.047	4.595
Payables to finance sector operations	1.212.737	-	-	-
Other current liabilities	121.389	110.300	72.830	7.863
Long-term borrowings	149.262	35.053	26.709	1.335
Other non-current liabilities	27.671	3.305	16.566	1.051
<b>Total liabilities</b>	<b>1.743.278</b>	<b>168.421</b>	<b>174.152</b>	<b>14.844</b>
<b>Total equity</b>	<b>227.640</b>	<b>183.654</b>	<b>55.830</b>	<b>14.538</b>

### Condensed income statement information:

	2023			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Revenue	383.708	686.613	257.104	64.835
Depreciation and amortisation	1.282	906	3.311	241
Operating profit	95.105	73.514	10.158	193
Net financial expense	-	(5.490)	(12.354)	(462)
Profit before tax	49.296	56.182	7.197	3.286
Net profit for the period	18.040	54.451	8.434	3.294

	2022			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Revenue	314.869	919.817	257.168	71.283
Depreciation and amortisation	2.493	1.761	6.436	470
Operating profit	124.533	76.173	9.402	(51)
Net financial expense	-	(13.460)	(11.959)	(709)
Profit before tax	73.692	77.070	7.634	412
Net profit for the period	31.408	69.337	7.403	331

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### NOTE 32 - GOVERNMENT GRANTS

The Group is entitled to the following incentives and rights:

- 100% exemption from customs duty on machinery and equipment imported,
- Exemption from VAT on investment goods supplied from home and abroad,
- Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
- Inward processing permission certificates,
- Cash refund from Tübitak-Teydeb for research and development expenditures,
- Exemption from taxes, duties and charges,
- Discounted corporate tax incentive,
- Insurance premium employer share incentive,
- Corporate tax incentive within the scope of investment incentive exemption,
- Brand supporting government grants given by the Ministry of Economy of Turkey (Turquality),
- Patent incentives.

### NOTE 33 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

#### Guarantees given:

##### Finance:

#### Non-cash loans:

	31 December 2023	31 December 2022
Letters of guarantee	304.183	298.854
- TL	168.196	146.456
- Foreign currency	135.987	152.398
Letter of credits	54.078	54.705
Acceptance credits	2.178	1.425
Other	28.189	46.719
	<b>388.628</b>	<b>401.703</b>
Less: Provisions (Note 20.b)	(3.294)	(3.665)
	<b>385.334</b>	<b>398.038</b>

#### Non-Finance:

	31 December 2023	31 December 2022
Letters of guarantee	37.464	41.996
Letters of credit	30.241	19.324
Guarantees given to banks	3.654	4.108
Guarantorships given to banks	2.937	3.204
Other	606	33
	<b>74.902</b>	<b>68.665</b>

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### NOTE 33 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals/pledges/mortgages/bill of guarantees ("CPMB") of Subsidiaries of the Group as of 31 December 2023 and 2022 are as follows (foreign currency CPMBs are presented by their TL equivalents):

	31 December 2023	31 December 2022
A. Total amount of CPMB's given in the name of its own legal personality	58.076	52.579
- TL	17.349	24.986
- USD	31.263	22.068
- EUR	6.629	3.581
- Other	2.835	1.944
B. Total amount of CPMB's given on behalf of the fully consolidated companies <sup>(1)</sup>	16.826	16.088
- TL	442	666
- USD	9.402	7.485
- EUR	2.819	3.271
- Other	4.163	4.666
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business <sup>(2)</sup>	388.628	401.703
- TL	178.712	165.613
- USD	102.344	109.360
- EUR	93.541	110.169
- Other	14.031	16.561
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>463.530</b>	<b>470.370</b>

<sup>(1)</sup> As of 31 December 2023, 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 TL70 million (31 December 2022: TL81 million).

<sup>(2)</sup> 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 2023, 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 TL64.341 million (31 December 2022: TL49.985 million) are pledged to banks and other financial institutions against funds obtained under repurchase agreements, borrowed funds and total return swap transactions.

In addition, as of 31 December 2023, financial assets amounting to TL139.586 million (31 December 2022: TL174.611 million) are also pledged to regulatory authorities for legal requirements and other financial institutions as a guarantee for stock exchange and money market operations. These are mainly the CBRT, Borsa İstanbul, Settlement and Custody Bank and other various banks.

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### NOTE 33 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### Guarantees received:

Non-finance:

	31 December 2023	31 December 2022
Letters of guarantee	29.690	30.388
Mortgages	9.249	7.777
Bill of guarantees	5.763	534
Direct crediting limit	5.200	4.711
Other	3.785	8.956
	<b>53.687</b>	<b>52.366</b>

### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### Financial Instruments and Financial Risk Management

##### Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk, product profit margin/crack margin risk and commodity price risk) and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative instruments to hedge risk exposures.

##### A) Credit Risk

Credit risk is the risk that a counterparty cannot fulfill its obligations in the agreements that the Group is party to. The Group monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of large number of entities comprising the customer bases and the penetration to different business segments.

##### Credit risk management procedures

##### Finance:

Credit risk which is inherent in all products ranging from loans to customers and commitments to letters of credit is monitored through detailed credit policies and procedures by the management of companies operating in the finance sector.

Yapı Kredi Bankası identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and industry and geographical concentration and considering credit policies determined by the Board of the Directors each year. The limits defined by the Board of Directors for each bank are followed up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls for each Treasury Management employee authorised for market transactions are followed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with treasury management.

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### NOTE 34 - 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 authorization 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 optimization in the loan processes. Furthermore, probability of default of a customer with different characteristics is calculated through this internally developed rating system.

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 considerations. 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 derivative 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 2023	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>144.453</b>	<b>959.999</b>	<b>267.137</b>	<b>417.031</b>	<b>24.152</b>
A. Book value of neither past due nor impaired financial assets <sup>(1)</sup>	137.998	962.861	267.137	417.031	24.152
B. Book value of past due but not impaired financial assets	6.488	9.998	-	-	-
C. Net book value of impaired assets	39	8.905	-	-	-
- Past due	39	8.905	-	-	-
- Gross amount	2.478	28.588	-	-	-
- Impairment	(2.439)	(19.683)	-	-	-
- Secured with guarantees	98	6.659	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
D. Expected credit losses (-) <sup>(2)</sup>	(72)	(21.765)	-	-	-

<sup>(1)</sup> Trade receivables and receivables from finance sector operations include related party balances amounting to TL11.081 million and TL5.596 million, respectively.

<sup>(2)</sup> Include expected credit losses related to receivables from finance sector operations classified under "A" and "B" categories in the table above.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL388.628 million (Note 33). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL2.201.400 million.

31 December 2022	Trade receivables	Receivables from sector operations	from finance and cash equivalents	Cash Financial assets	Derivative instruments
<b>Maximum exposure to credit risk as of reporting date (A+B+C+D)</b>	<b>124.767</b>	<b>1.034.264</b>	<b>228.056</b>	<b>411.618</b>	<b>37.471</b>
A. Book value of neither past due nor impaired financial assets <sup>(1)</sup>	119.320	1.051.646	228.056	411.618	37.471
B. Book value of past due but not impaired financial assets	5.434	7.073	-	-	-
C. Net book value of impaired assets	80	9.364	-	-	-
- Past due	80	9.364	-	-	-
- Gross amount	3.219	36.652	-	-	-
- Impairment	(3.139)	(27.288)	-	-	-
- Secured with guarantees	147	7.416	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
D. Expected credit losses (-) <sup>(2)</sup>	(67)	(33.819)	-	-	-

<sup>(1)</sup> Trade receivables and receivables from finance sector operations include related party balances amounting to TL9.048 million and TL8.609 million, respectively.

<sup>(2)</sup> Include expected credit losses related to receivables from finance sector operations classified under "A" and "B" categories in the table above.

As of 31 December 2022, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL401.703 million (Note 33). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL2.237.879 million.

#### Trade receivables

##### a) Details of neither past due nor impaired trade receivables' credit quality:

	2023	2022
Customers with no payment defaults	126.684	100.313
Public institutions and corporations	5.982	11.395
Customers with prior collection delays	2.947	4.772
New customers (less than 3 months)	2.385	2.840
	<b>137.998</b>	<b>119.320</b>

As of 31 December 2023, trade receivables that are not due and not impaired amounting to TL57.268 million are secured by guarantees (2022: TL44.655 million).

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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Analysis of past due trade receivables:

<i>Not impaired</i>	2023	2022
Past due up to 1 month	3.729	2.757
Past due 1 - 3 months	1.165	821
Past due 3 - 12 months	647	611
Past due more than 1 year	947	1.245
	<b>6.488</b>	<b>5.434</b>

As of 31 December 2023, past due but not impaired trade receivables amounting to TL3.304 million are secured by guarantees (2022: TL2.186 million).

<i>Impaired</i>	2023	2022
Past due up to 3 months	216	215
Past due 3 - 6 months	44	116
Past due 6 - 12 months	947	1.375
Past due more than 1 year	1.271	1.513
Less: Provision for impairment	(2.439)	(3.139)
	<b>39</b>	<b>80</b>

As of 31 December 2023, impaired receivables amounting to TL98 million are secured by guarantees (2022: TL147 million).

#### c) Expected credit losses:

31 December 2023	Not overdue	0 - 1 month overdue	1 - 3 months overdue	More than 3 months overdue	Total
Expected loss rate (%)	0,001	0,01	0,13	1,78	
Period end balance <sup>(1)</sup>	126.917	3.882	1.227	3.857	135.883
Expected credit losses	2	-	2	68	72
<b>31 December 2022</b>					
Expected loss rate (%)	0,003	0,02	0,19	1,26	
Period end balance <sup>(1)</sup>	110.274	2.913	878	4.860	118.925
Expected credit losses	4	1	2	60	67

<sup>(1)</sup> Represents gross trade receivables excluding related party balances and impairment losses.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Receivables from finance sector operations

a) As of 31 December 2023, the rating concentration of undue corporate and commercial loans of Yapı Kredi Bankası is as follows:

	Rating class	Concentration level (%)	
		31 December 2023	31 December 2022
Above average	1 - 4	46,1	43,6
Average	5+ - 6	41,3	40,7
Below average	7+ - 9	12,6	15,7

b) Considering the scoring models, Yapı Kredi Bankası classifies its credit portfolio into the following groups as of 31 December 2023:

31 December 2023	% of loans and advances	Provision coverage (%)
Stage 1	86,61	0,70
Stage 2	10,53	14,85
Stage 3	2,86	68,88

31 December 2022	% of loans and advances	Provision coverage (%)
Stage 1	84,37	0,85
Stage 2	12,28	19,24
Stage 3	3,35	74,42



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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) The details of the receivables from finance sector operations that are overdue but not impaired, which are classified as Stage 2, are as follows:

31 December 2023	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
0 - 1 months overdue	1.450	1.977	1.140	70	4	4.641
1 - 3 months overdue	627	3.255	1.449	22	4	5.357
	<b>2.077</b>	<b>5.232</b>	<b>2.589</b>	<b>92</b>	<b>8</b>	<b>9.998</b>

31 December 2022	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
0 - 1 months overdue	331	2.371	537	90	4	3.333
1 - 3 months overdue	529	2.441	530	238	2	3.740
	<b>860</b>	<b>4.812</b>	<b>1.067</b>	<b>328</b>	<b>6</b>	<b>7.073</b>

d) Sectoral details of receivables from finance sector operations are as follows:

	31 December 2023	%	31 December 2022	%
Consumer loans	409.509	42	379.294	37
Production	211.394	22	278.729	27
Food and retail	67.294	7	72.827	7
Financial institutions	35.848	4	42.639	4
Public sector	25.864	3	28.075	3
Real estate	18.035	2	23.941	2
Other sectors	192.055	20	208.759	20
	<b>959.999</b>	<b>100</b>	<b>1.034.264</b>	<b>100</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 34 - 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 2023	31 December 2022
Assets	901.435	955.782
Liabilities	(1.152.341)	(1.158.038)
<b>Net balance sheet position</b>	<b>(250.906)</b>	<b>(202.256)</b>
Derivative instruments net position	213.717	110.807
<b>Net foreign currency position</b>	<b>(37.189)</b>	<b>(91.449)</b>
Loans designated as hedging instruments <sup>(1)</sup>	13.973	19.011
<b>Net foreign currency position after hedging instruments</b>	<b>(23.216)</b>	<b>(72.438)</b>
Inventories under the natural hedge <sup>(2)</sup>	46.188	62.598
<b>Net foreign currency position after hedging instruments and natural hedge</b>	<b>22.972</b>	<b>(9.840)</b>

<sup>(1)</sup> 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 USD24 million (TL694 million) as of 31 December 2023 (31 December 2022: USD205 million (TL6.316 million)).

The EUR denominated loans of Wat Motor are designated as hedging instruments against the spot foreign exchange risk (EUR/TL) associated with highly probable EUR denominated export revenues. The loans of Wat Motor which are subject to cash flow hedge amounted to EUR25 million (TL814 million) as of 31 December 2023.

Foreign exchange gains/losses related to the loans of Tüpraş and Wat Motor are recognised under equity as "gains/losses on cash flow hedges" until the realisation of the cash flows at the hedged items.

Arçelik, a Subsidiary of the Group designated EUR210 million (TL6.841 million) of bank loan and RUB11.853 million (TL3.866 million) of contingent consideration; Otokoç, a Subsidiary of the Group designated EUR54 million (TL1.758 million), as hedging instruments in order to hedge the foreign currency risk arising from the translation of net assets of the subsidiaries operating in Europe and Russia to Turkish Lira (31 December 2022: Arçelik: EUR200 million - RUB10.548 million, Otokoç: EUR49 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.

<sup>(2)</sup> 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 2023, Tüpraş and Aygaz have raw materials and petroleum products amounting to TL44.599 million (31 December 2022: TL59.046 million) and TL1.589 million (31 December 2022: TL3.552 million), respectively.

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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Excluding the loans designated as hedging instruments and the inventories under the natural hedge, the Group has TL22.972 million (USD780 million) foreign exchange net long position as of 31 December 2023.

As of 31 December 2023, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL2,6 billion lower, mainly as a result of foreign exchange losses on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses on the net profit (attributable to equity holders) is approximately TL54 million.

#### The impact of 10% exchange increase in income statement (pre-tax profit):

	USD	EUR	Other	Total
<b>31 December 2023</b>				
Foreign currency net position <sup>(1)</sup>	(1.222)	(2.059)	637	(2.644)

<sup>(1)</sup> 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 2023</b>				
Hedged items <sup>(1)</sup>	(69)	(3.392)	-	(3.461)

<sup>(1)</sup> Related balances include foreign exchange impacts which are within the scope of cash flow hedge and net investment hedge in foreign operations and which are recognised under the hedging reserve.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2023			
	USD <sup>(1)</sup>	EUR <sup>(1)</sup>	Other (TL Equivalent)	Total (TL Equivalent)
<b>Assets:</b>				
Trade receivables <sup>(2)</sup>	1.025	720	5.600	59.220
Receivables from finance sector operations	1.979	1.977	13.296	135.955
Monetary financial assets	7.170	3.326	23.571	343.004
Non-monetary assets	20	-	-	584
Other assets	1.026	195	4.967	41.528
<b>Current assets</b>	<b>11.220</b>	<b>6.218</b>	<b>47.434</b>	<b>580.291</b>
Receivables from finance sector operations	2.586	2.296	2.032	152.869
Monetary financial assets	4.511	548	6.672	157.341
Other assets	271	86	112	10.934
<b>Non-current assets</b>	<b>7.368</b>	<b>2.930</b>	<b>8.816</b>	<b>321.144</b>
<b>Total assets</b>	<b>18.588</b>	<b>9.148</b>	<b>56.250</b>	<b>901.435</b>
<b>Liabilities:</b>				
Trade payables <sup>(2)</sup>	3.903	616	1.740	136.695
Borrowings	5.854	2.634	5.698	263.847
Payables of finance sector operations	8.110	5.310	85.573	497.279
Other liabilities	404	467	6.512	33.625
<b>Short-term liabilities</b>	<b>18.271</b>	<b>9.027</b>	<b>99.523</b>	<b>931.446</b>
Borrowings	5.508	1.207	709	202.129
Payables of finance sector operations	9	296	65	9.975
Other liabilities	244	48	27	8.791
<b>Long-term liabilities</b>	<b>5.761</b>	<b>1.551</b>	<b>801</b>	<b>220.895</b>
<b>Total liabilities</b>	<b>24.032</b>	<b>10.578</b>	<b>100.324</b>	<b>1.152.341</b>
<b>Net balance sheet position</b>	<b>(5.444)</b>	<b>(1.430)</b>	<b>(44.074)</b>	<b>(250.906)</b>
Derivative assets	10.544	1.974	56.129	430.815
Derivative liabilities	(5.450)	(1.455)	(9.279)	(217.098)
<b>Derivative instruments net position</b>	<b>5.094</b>	<b>519</b>	<b>46.850</b>	<b>213.717</b>
<b>Net foreign currency position</b>	<b>(350)</b>	<b>(911)</b>	<b>2.776</b>	<b>(37.189)</b>
Loans designated as hedging instruments <sup>(3)</sup>	24	289	3.865	13.973
<b>Net foreign currency position after hedging instruments</b>	<b>(326)</b>	<b>(622)</b>	<b>6.641</b>	<b>(23.216)</b>
Net foreign currency position of monetary items	(370)	(911)	2.776	(37.773)
Fair value of derivative instruments held for hedging	167	23	-	5.662

<sup>(1)</sup> Presented in original currencies.

<sup>(2)</sup> Represents balances before consolidation eliminations.

<sup>(3)</sup> Includes loans of Tüpraş, Arçelik, Otokoç and Wat Motor designated as hedging instruments.

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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2022			
	USD <sup>(1)</sup>	EUR <sup>(1)</sup>	Other (TL Equivalent)	Total (TL Equivalent)
<b>Assets:</b>				
Trade receivables <sup>(2)</sup>	712	634	5.668	48.430
Receivables from finance sector operations	1.942	2.214	11.360	143.942
Monetary financial assets	7.117	3.102	32.004	353.168
Non-monetary assets	2	-	20	78
Other assets	1.336	386	6.945	60.777
<b>Current assets</b>	<b>11.109</b>	<b>6.336</b>	<b>55.997</b>	<b>606.395</b>
Receivables from finance sector operations	3.124	2.632	1.558	184.248
Monetary financial assets	4.315	442	4.869	152.309
Other assets	278	118	357	12.830
<b>Non-current assets</b>	<b>7.717</b>	<b>3.192</b>	<b>6.784</b>	<b>349.387</b>
<b>Total assets</b>	<b>18.826</b>	<b>9.528</b>	<b>62.781</b>	<b>955.782</b>
<b>Liabilities:</b>				
Trade payables <sup>(2)</sup>	3.207	500	1.201	116.444
Borrowings	5.362	1.987	6.683	237.150
Payables of finance sector operations	9.298	5.311	69.815	530.729
Other liabilities	377	465	469	27.367
<b>Short-term liabilities</b>	<b>18.244</b>	<b>8.263</b>	<b>78.168</b>	<b>911.690</b>
Borrowings	5.787	1.230	522	219.232
Payables of finance sector operations	16	243	37	8.529
Other liabilities	296	72	7.136	18.587
<b>Long-term liabilities</b>	<b>6.099</b>	<b>1.545</b>	<b>7.695</b>	<b>246.348</b>
<b>Total liabilities</b>	<b>24.343</b>	<b>9.808</b>	<b>85.863</b>	<b>1.158.038</b>
<b>Net balance sheet position</b>	<b>(5.517)</b>	<b>(280)</b>	<b>(23.082)</b>	<b>(202.256)</b>
Derivative assets	9.709	1.577	33.497	384.432
Derivative liabilities	(6.879)	(1.585)	(9.613)	(273.625)
<b>Derivative instruments net position</b>	<b>2.830</b>	<b>(8)</b>	<b>23.884</b>	<b>110.807</b>
<b>Net foreign currency position</b>	<b>(2.687)</b>	<b>(288)</b>	<b>802</b>	<b>(91.449)</b>
Loans designated as hedging instruments <sup>(3)</sup>	205	249	4.510	19.011
<b>Net foreign currency position after hedging instruments</b>	<b>(2.482)</b>	<b>(39)</b>	<b>5.312</b>	<b>(72.438)</b>
Net foreign currency position of monetary items	(2.689)	(288)	782	(91.527)
Fair value of derivative instruments held for hedging	316	51	-	11.399

<sup>(1)</sup> Presented in original currencies.

<sup>(2)</sup> Represents balances before consolidation eliminations.

<sup>(3)</sup> Includes loans of Tüpraş, Arçelik, Otokoç and Entek designated as hedging instruments.

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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Export and import details (TL Equivalent)

Group's consolidated export and import balances are as follows:

Export	2023	2022
USD	155.490	186.280
EUR	55.683	54.133
Other	22.788	22.962
	<b>233.961</b>	<b>263.375</b>
Import		
USD	556.220	710.591
EUR	24.281	24.904
Other	169	132
	<b>580.670</b>	<b>735.627</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, net interest income simulations are presented to the Board of Directors monthly within the scope of the Asset-Liability Management function. By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are also closely monitored.

The weighted average effective annual interest rates (%) for the consolidated financial assets and liabilities outstanding as of 31 December 2023 and 2022 are as follows:

	31 December 2023			31 December 2022		
	USD	EUR	TL	USD	EUR	TL
<b>Assets</b>						
Cash and cash equivalents	5,91	5,13	39,82	2,65	0,63	21,23
Financial assets						
- Measured at fair value through profit or loss	5,75	5,98	-	5,38	4,80	-
- Measured at fair value through other comprehensive income	7,65	4,12	38,34	7,56	3,32	48,65
- Measured at amortised cost	6,45	3,05	39,55	6,39	2,62	53,69
Receivables from finance sector operations	8,99	7,66	40,86	8,18	6,09	23,07
<b>Liabilities</b>						
Borrowings	7,42	5,53	33,21	6,29	3,13	18,37
Payables of finance sector operations	0,87	0,93	20,29	1,12	0,24	8,26

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### NOTE 34 - 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 2023	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non- interest bearing	Total
<b>Assets</b>						
Cash and cash equivalents	174.351	18.247	362	-	96.445	289.405
Balances with CBRT	796	-	-	-	240.822	241.618
Financial assets						
- Measured at fair value through profit or loss	1.131	540	247	422	5.651	7.991
- Measured at fair value through other comprehensive income	37.020	7.900	15.874	36.036	4.997	101.827
- Measured at amortised cost	126.448	20.107	74.284	96.519	-	317.358
Receivables from finance sector operations	385.353	357.603	168.858	48.185	-	959.999
	<b>725.099</b>	<b>404.397</b>	<b>259.625</b>	<b>181.162</b>	<b>347.915</b>	<b>1.918.198</b>
<b>Liabilities</b>						
Borrowings	293.943	159.339	144.972	7.803	2.766	608.823
Payables to finance sector operations	570.032	109.735	9.472	646	446.204	1.136.089
	<b>863.975</b>	<b>269.074</b>	<b>154.444</b>	<b>8.449</b>	<b>448.970</b>	<b>1.744.912</b>
<b>31 December 2022</b>						
	<b>Up to 3 months</b>	<b>3 months - 1 year</b>	<b>1 year - 5 years</b>	<b>5 years and over</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	139.519	14.800	-	-	95.506	249.825
Balances with CBRT	5.381	-	-	-	210.403	215.784
Financial assets						
- Measured at fair value through profit or loss	9	4.108	210	349	5.172	9.848
- Measured at fair value through other comprehensive income	48.185	33.643	21.679	25.553	2.449	131.509
- Measured at amortised cost	113.592	22.717	48.899	92.342	-	277.550
Receivables from finance sector operations	409.591	346.414	225.458	52.801	-	1.034.264
	<b>716.277</b>	<b>421.682</b>	<b>296.246</b>	<b>171.045</b>	<b>313.530</b>	<b>1.918.780</b>
<b>Liabilities</b>						
Borrowings	260.896	158.112	193.949	9.715	1.076	623.748
Payables to finance sector operations	662.024	46.800	8.071	558	456.455	1.173.908
	<b>922.920</b>	<b>204.912</b>	<b>202.020</b>	<b>10.273</b>	<b>457.531</b>	<b>1.797.656</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Sensitivity to interest rate risk

The sensitivity analysis of Yapi Kredi Bankası, a Subsidiary of the Group operating in the finance sector, regarding fluctuations in interest rates was carried out for all interest-bearing assets and debts with interest. In the case of 100 bps rise in the annual interests in TL, USD and EUR currencies, the negative impact on the Group's consolidated equity holders of the parent is around TL2 billion. (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 TL2,6 billion.)

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 TL735 million for the subsidiaries of the Group which operate in non-finance sector. It is expected that this interest expense will be substantially offset by the additional interest income resulting from the repricing of cash and cash equivalents due to their short term maturities and therefore, 100 bps rise in interest rates is not expected to have a material net interest income/(expense) effect at the Group's non-finance sector operations' results within 1-year period.

The interest rate position is as follows:

	31 December 2023	31 December 2022
<b>Fixed interest rate financial instruments</b>		
<b>Financial assets</b>		
Cash and cash equivalents	163.730	142.459
Balances with CBRT	796	5.381
Financial assets		
- Measured at fair value through profit or loss	2.340	4.676
- Measured at fair value through other comprehensive income	74.625	92.405
- Measured at amortised cost	261.451	197.592
Receivables from finance sector operations	773.815	743.992
	<b>1.276.757</b>	<b>1.186.505</b>
<b>Financial liabilities</b>		
Borrowings	409.568	443.596
Payables to finance sector operations	689.823	717.350
	<b>1.099.391</b>	<b>1.160.946</b>
<b>Floating interest rate financial instruments</b>		
<b>Financial assets</b>		
Cash and cash equivalents	29.230	11.860
Financial assets		
- Measured at fair value through other comprehensive income	22.205	36.655
- Measured at amortised cost	55.907	79.958
Receivables from finance sector operations	186.184	290.272
	<b>293.526</b>	<b>418.745</b>
<b>Financial liabilities</b>		
Borrowings	196.489	179.076
Payables to finance sector operations	62	103
	<b>196.551</b>	<b>179.179</b>



## KOÇ HOLDING A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into English of the consolidated financial Statements originally issued in Turkish (note 2.6)

### NOTE 34 - 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 before the Bank under Treasury Management, Risk Management and Capital Management. Liquidity risk is evaluated with liquidity gap analysis, liquidity stress tests and supplementary precautions/measurements. Liquidity Gap analysis 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 on the basis of all currencies for each period. Yapı Kredi Bankası mainly uses derivative transactions as managing liquidity risk and monitors cash inflow and outflow periods in the framework of funding plan balancing the distribution among currencies.

Undiscounted contractual cash flows of the consolidated financial liabilities as of 31 December 2023 and 2022 are as follows:

31 December 2023	Book 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	608.823	693.708	172.450	225.836	232.489	62.933
<i>Borrowings, debt instruments and factoring liabilities</i>	600.428	683.890	171.545	224.247	227.453	60.645
<i>Lease liabilities</i>	8.395	9.818	905	1.589	5.036	2.288
Trade payables	186.649	193.882	186.794	7.088	-	-
Payables to finance sector operations	1.136.089	1.158.557	1.025.097	123.507	9.318	635
<b>Derivative instruments<sup>(1)</sup></b>						
Cash inflows	24.152	473.349	343.159	94.568	20.971	14.651
Cash outflows	13.594	(472.528)	(340.763)	(90.428)	(25.274)	(16.063)

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	Book 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	623.748	698.740	196.544	199.227	243.082	59.887
<i>Borrowings, debt instruments and factoring liabilities</i>	615.454	687.202	195.443	197.395	238.114	56.250
<i>Lease liabilities</i>	8.294	11.538	1.101	1.832	4.968	3.637
Trade payables	169.452	175.625	172.050	3.575	-	-
Payables to finance sector operations	1.173.908	1.189.657	1.131.094	50.185	7.838	540
<b>Derivative instruments <sup>(1)</sup></b>						
Cash inflows	37.471	399.072	284.691	63.394	35.681	15.306
Cash outflows	25.457	(434.620)	(314.590)	(57.231)	(43.433)	(19.366)

<sup>(1)</sup> 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 33) of Yapı Kredi Bankası, a Subsidiary of the Group, by original maturity is as follows:

31 December 2023	Indefinite	Up to 1 year	1-5 years	5 years and over	Total
Letters of guarantee	81.806	51.189	152.461	18.727	304.183
Letter of credits	-	38.045	16.022	11	54.078
Acceptance credits	-	2.145	33	-	2.178
Other	3.507	9.032	3.642	12.008	28.189
	<b>85.313</b>	<b>100.411</b>	<b>172.158</b>	<b>30.746</b>	<b>388.628</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
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### NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	Indefinite	Up to 1 year	1-5 years	5 years and over	Total
Letters of guarantee	88.227	65.960	121.978	22.689	298.854
Letter of credits	-	38.288	16.164	253	54.705
Acceptance credits	-	1.419	6	-	1.425
Other	2.369	18.014	5.437	20.899	46.719
	<b>90.596</b>	<b>123.681</b>	<b>143.585</b>	<b>43.841</b>	<b>401.703</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 ratio as of 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Total borrowings	608.823	623.748
Less: Cash and cash equivalents	(279.660)	(238.934)
Net financial debt	329.163	384.814
Equity	674.272	609.933
Invested capital	1.003.435	994.747
<b>Net financial debt/invested capital ratio</b>	<b>0,33</b>	<b>0,39</b>

## **KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### **NOTE 35 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS**

#### **Fair value of financial instruments**

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

#### Financial assets

Carrying values of cash and cash equivalents and trade receivables are assumed to reflect their fair values due to their short-term nature. The estimated fair value of interest bearing placements of cash and cash equivalents of finance sector is calculated based on discounted cash flows using prevailing money market interest rates at the statement of financial position date with similar credit risk and remaining maturity.

The estimated fair value of receivables from finance sector operations represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates with similar currency and remaining maturity in order to determine their fair value.

The fair value of financial assets measured at amortised cost is determined based on market prices; or when market price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

#### Financial liabilities

Fair values of short-term trade payables and borrowings with floating interest rate are assumed to approximate their carrying values. The estimated fair value of issued debt securities and other long-term borrowings without quoted market price is based on discounted cash flows using market interest rates prevailing at the statement of financial position 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 refers to the book value. The estimated fair value of fixed-interest deposits is calculated based on discounted cash flows using market interest rates applied to similar loans and other debts. In case the maturities are short-term, the carried value is assumed to reflect the fair value.

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 35 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

Within the framework of the methods and assumptions explained above, the carrying values and estimated fair values of financial assets and liabilities as of 31 December 2023 and 2022 are presented in the table below:

	31 December 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets</b>				
Cash and cash equivalents	289.405	288.677	249.825	249.456
Receivables from finance sector operations	959.999	943.106	1.034.264	1.042.122
Financial assets measured at amortised cost	317.358	307.827	277.550	323.293
<b>Liabilities</b>				
Borrowings	608.823	593.358	623.748	634.402
Payables to finance sector operations	1.136.089	1.129.271	1.173.908	1.175.047

### 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 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	37	474	4.628	5.139
- Time deposits	-	1.085	-	1.085
- Debt instruments	1.767	-	-	1.767
Financial assets measured at fair value through other comprehensive income				
- Equity securities	4.093	913	-	5.006
- Debt instruments	96.758	63	-	96.821
Derivative instruments	-	24.152	-	24.152
<b>Total assets</b>	<b>102.655</b>	<b>26.687</b>	<b>4.628</b>	<b>133.970</b>
Derivative instruments				
	-	13.594	-	13.594
Liabilities related to business combinations (Note 22)				
	-	-	3.865	3.865
<b>Total liabilities</b>	<b>-</b>	<b>13.594</b>	<b>3.865</b>	<b>17.459</b>

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
Convenience translation into english of the consolidated financial Statements originally issued in turkish (note 2.6)

### NOTE 35 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	2.460	312	2.018	4.790
- Time deposits	-	4.075	-	4.075
- Debt instruments	983	-	-	983
Financial assets measured at fair value through other comprehensive income				
- Equity securities	1.517	982	-	2.499
- Debt instruments	125.882	3.128	-	129.010
Derivative instruments	-	37.471	-	37.471
<b>Total assets</b>	<b>130.842</b>	<b>45.968</b>	<b>2.018</b>	<b>178.828</b>
Derivative instruments	-	25.457	-	25.457
Liabilities related to business combinations (Note 22)	-	-	4.510	4.510
<b>Total liabilities</b>	<b>-</b>	<b>25.457</b>	<b>4.510</b>	<b>29.967</b>

### NOTE 36 - EARNINGS PER SHARE

	2023	2022
<b>Earnings per share:</b>		
Profit for the period	117.733	129.576
Less: Profit attributable to non-controlling interests	45.503	56.914
Profit attributable to equity holders of the parent	72.230	72.662
Weighted average number of shares with nominal value of Kr 1 each <sup>(1)</sup>	253.500.758	253.500.758
<b>Earnings per share (Kr)</b>	<b>28,493</b>	<b>28,663</b>

<sup>(1)</sup> Calculated by adjusting the treasury shares (Note 23).

## KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
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### NOTE 37 - SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the consolidated cash flow statements as of 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
<b>Changes in provisions:</b>		
Provisions for warranty and assembly	1.714	1.412
Provisions for non-cash loans	1.370	964
Cost accruals for construction contracts	409	344
Provisions for lawsuits	(193)	569
Provisions for employee benefits	(1.074)	2.835
Other provisions	764	3.029
	<b>2.990</b>	<b>9.153</b>
<b>Adjustments for impairment loss/(reversal of impairment loss):</b>		
Provisions for impairment on trade receivables from finance sector	29.334	33.709
Provisions for impairment on trade receivables	353	395
Provisions for impairment on inventories	(284)	994
	<b>29.403</b>	<b>35.098</b>
<b>Net changes in the operating assets and liabilities:</b>		
<b>Finance:</b>		
Receivables from finance sector operations	81.221	(374.415)
Balances with Central Bank of the Republic of Turkey - required reserves	13.737	(18.319)
Payables of finance sector operations	(37.819)	430.494
Other assets and liabilities, net	(37.263)	(11.683)
	<b>19.876</b>	<b>26.077</b>
<b>Non-Finance:</b>		
Inventories	22.345	(55.582)
Trade receivables	(19.930)	(45.650)
Trade payables	16.521	50.735
Other assets and liabilities, net	14.495	21.523
Other payables and receivables, net	(15.756)	(20.889)
	<b>17.675</b>	<b>(49.863)</b>
Currency translation differences	(4.893)	6.621
	<b>32.658</b>	<b>(17.165)</b>
<b>Cash and cash equivalents:</b>		
Cash and cash equivalents (Note 5)	289.405	249.825
Add: Balances with Central Bank of the Republic of Turkey - free deposits (Note 6)	157.861	118.290
Less: Blocked deposits (Note 5)	(9.744)	(10.891)
	<b>437.522</b>	<b>357.224</b>

## **KOÇ HOLDİNG A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)  
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#### **NOTE 38 - EVENTS AFTER THE BALANCE SHEET DATE**

i) In the context of the sale of shares of Tat Gıda, following the completion of all conditions precedent for the closing; the sale of shares corresponding to 49,04% of Tat Gıda's share capital, held by Parent Company Koç Holding, Koç Group companies including Arçelik and Aygaz, Koç Family Members and foundations associated with Koç Group, and the sale of 15 founder's redeemed share certificates to Memişoğlu Tarım Ürünleri Ticaret Limited Şirketi has been completed and the consideration for shares and redeemed share certificates have been received on 19 February 2024.

Total consideration for the sale of 49,04% shares of Tat Gıda amounting to USD80,9 million will be subject to closing adjustment based on the level of net debt and net working capital on its audited financial statements as of the closing date.

ii) The UK Competition and Markets Authority has given full approval to the transaction between Arçelik, a Subsidiary of the Group, and Whirlpool Corporation for the establishment of a new company under the control of Arçelik for the European operations of Whirlpool Corporation and Arçelik; as well as to the acquisition of all shares of two subsidiaries of Whirlpool established in the United Arab Emirates and Morocco and operating in the Middle East and North Africa market by Beko BV. In this context, the closing procedures are expected to be finalised at the beginning of April.



Koç Holding A.Ş. Balance Sheet and Income Statement Issued  
According to the Statutory Records

Presentation

General Assembly

Koç Group

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## Koç Holding A.Ş. Income Statement for the Period of 1 January-31 December 2023 And 2022, Issued According to the Statutory Records (TL)

ASSETS <sup>(1)</sup>	31.12.2023		31.12.2022	
<b>CURRENT ASSETS</b>	<b>49,531,050,639.91</b>		<b>31,279,567,822.50</b>	
<b>Cash and Cash Equivalents</b>	<b>31,805,073,583.32</b>		<b>21,546,555,189.10</b>	
Cash	1,000.00		1,000.00	
Banks	31,805,072,583.32		21,546,554,189.10	
<b>Securities</b>	<b>13,696,616,601.60</b>		<b>8,020,377,498.36</b>	
Debt Securities	13,235,414,720.00		7,881,333,450.00	
Other Securities	461,201,881.60		139,044,048.36	
<b>Short Term Trade Receivables</b>	<b>2,132,220,402.67</b>		<b>1,143,856,748.08</b>	
Customers	2,132,073,656.85		1,143,838,590.26	
Doubtful Receivables	1,264,125.21		1,014,241.88	
Provision for Doubtful Receivables	1,117,379.39		996,084.06	
<b>Expenses and Income Accruals for Future Months</b>	<b>900,933,744.62</b>		<b>497,698,177.01</b>	
Expenses for Future Months	68,051,443.04		45,914,148.41	
Income Accruals	832,882,301.58		451,784,028.60	
<b>Other Current Assets</b>	<b>996,206,307.70</b>		<b>71,080,209.95</b>	
Prepaid Taxes and Funds	932,653,799.88			
Other Miscellaneous Current Assets	63,552,507.82		71,080,209.95	
<b>NON-CURRENT ASSETS</b>	<b>125,025,567,928.67</b>		<b>18,554,841,721.08</b>	
<b>Long Term Trade Receivables</b>	<b>2,712,390.50</b>		<b>1,630,620.79</b>	
Deposits and Guarantees Given	2,712,390.50		1,630,620.79	
<b>Financial Non-Current Assets</b>	<b>114,664,922,773.89</b>		<b>16,261,892,903.64</b>	
Subsidiaries	61,712,067,766.30		8,346,202,357.64	
Capital Commitments to Subsidiaries	.		84,375,000.00	
Affiliate Company	52,952,855,007.59		8,000,065,546.00	
<b>Property, Plant and Equipment</b>	<b>10,190,560,231.55</b>		<b>2,235,579,479.39</b>	
Lands	829,397,769.34		32,967,975.16	
Land Improvements	202,251,442.48		8,946,219.51	
Buildings	7,589,740,764.66		561,865,574.95	
Motor Vehicles Equipment	4,799,317,315.33		1,435,979,568.97	
Furniture and Fixtures	526,608,401.05		58,769,118.69	
Accumulated Depreciation	4,377,216,325.81		247,722,212.39	
Ongoing Investments	449,668,969.40			
Advances Given	1,070,129,833.90		384,773,234.50	
<b>Intangible Assets</b>	<b>167,372,532.73</b>		<b>38,734,630.72</b>	
Research and Developments Expenses	141,059,013.22		35,352,640.00	
Establishment and Formation Expenses	17,431,446.07		2,529,126.22	
Rights	157,961,184.25		13,339,532.27	
Leasehold Improvements	128,326,465.75		5,100,886.32	
Accumulated Depreciation	277,405,576.56		17,587,554.09	
<b>Prepaid Expenses for the Following Years</b>	<b>.</b>		<b>17,004,086.54</b>	
Prepaid Expenses for the Following Years	.		17,004,086.54	
<b>TOTAL ASSETS</b>	<b>174,556,618,568.58</b>		<b>49,834,409,543.58</b>	

(1) The Balance Sheet items dated 31 December 2023 have been prepared taking into account provisions regarding inflation adjustment,

LIABILITIES <sup>(1)</sup>	31.12.2023		31.12.2022	
<b>CURRENT LIABILITIES</b>	<b>8,530,508,782.10</b>		<b>1,458,295,613.02</b>	
<b>Trade Payables</b>	<b>100,730,638.67</b>		<b>226,845,954.85</b>	
Suppliers	97,679,312.29	224,225,782.03		
Deposits and Guarantees Received	3,051,326.38	2,620,172.82		
<b>Other Current Liabilities</b>	<b>6,757,499,559.25</b>		<b>701,060,653.10</b>	
Liabilities to Associates	1,461,147,785.50	672,161,192.45		
Social Security Premiums Payable	25,167,204.74	5,878,205.60		
Other Debts	5,271,184,569.01	23,021,255.05		
<b>Provision for Debts and Expenses</b>	<b>1,672,278,584.18</b>		<b>500,517,439.45</b>	
Provision for Profit of Period Taxes and Other	1,225,093,500.83			
Other Provision for Debts and Expenses	447,185,083.35	500,517,439.45		
<b>Income and Expense Accruals for Future Months</b>	<b>.</b>		<b>29,871,565.62</b>	
Income for Future Months	.	29,871,565.62		
<b>NON-CURRENT LIABILITIES</b>	<b>22,122,173,370.56</b>		<b>28,085,776,994.83</b>	
<b>Financial Liabilities</b>	<b>22,078,650,000.00</b>		<b>28,047,450,000.00</b>	
Bonds Issued	22,078,650,000.00	28,047,450,000.00		
<b>Provision for Debts and Expenses</b>	<b>43,523,370.56</b>		<b>38,326,994.83</b>	
Provision for Employment Termination Benefits	43,523,370.56	38,326,994.83		
<b>EQUITY</b>	<b>143,903,936,415.93</b>		<b>20,290,336,935.73</b>	
<b>Total Share Capital</b>	<b>54,157,234,275.06</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	51,683,893,552.47	34,548,215.22		
Adjustment to Share Capital. Negative	62,557,327.41	62,557,327.41		
<b>Issue Premium</b>	<b>205,862,676.37</b>		<b>9,705,724.30</b>	
Issue Premium	205,862,676.37	9,705,724.30		
<b>Capital Reserves</b>	<b>.</b>		<b>433,859,429.05</b>	
Other Capital Reserves	.	433,859,429.05		
<b>Reserves</b>	<b>121,596,623,633.34</b>		<b>11,796,586,436.64</b>	
Legal Reserves	9,946,470,119.34	615,618,768.68		
Extraordinary Reserves	66,515,542,852.93	8,879,543,334.79		
Special Funds	45,134,610,661.07	2,301,424,333.17		
<b>Prior Years' Profit. IAS 29 Adj</b>	<b>4,399,572,211.43</b>		<b>174,879,886.04</b>	
Prior Years' Profit. IAS 29 Adj	4,399,572,211.43	174,879,886.04		
<b>Prior Years' Profit</b>	<b>.</b>		<b>27,163,677.11</b>	
Prior Years' Profit	.	27,163,677.11		
<b>Prior Years' Losses</b>	<b>36,455,356,380.28</b>		<b>-106,312,899.20</b>	
Prior Years' Losses	56,866,879,415.19	-106,312,899.20		
Profit for the Period <sup>2</sup>	20,411,523,034.92	-		
<b>Profit for the Period<sup>2</sup></b>	<b>.</b>		<b>5,446,565,743.98</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>174,556,618,568.58</b>		<b>49,834,409,543.58</b>	

(2) In the balance sheet dated 31 December 2023, the net profit for the year 2023 is shown as a sub-item of the Prior Years' Losses

## Koç Holding A.Ş. Income Statement for the Period of 1 January-31 December 2023 and 2022, Issued According to the Statutory Records (TL)

	2023	2022
<b>GROSS REVENUES</b>	<b>2,852,047,289.63</b>	<b>1,515,793,667.80</b>
Domestic Revenues	2,852,047,289.63	1,515,793,667.80
<b>OPERATING EXPENSES</b>	<b>5,023,149,335.30</b>	<b>2,512,548,906.22</b>
General Administrative Expenses	5,023,149,335.30	2,512,548,906.22
<b>ORDINARY INCOME AND PROFIT FROM OTHER OPERATIONS</b>	<b>32,597,788,797.59</b>	<b>16,685,034,476.52</b>
Dividend Income from Associates	12,874,808,867.80	5,594,721,657.81
Dividend Income from Subsidiaries	3,480,163,944.29	443,723,545.85
Interest Income	2,610,088,484.80	1,493,409,058.74
Provisions No Longer Required	14,244,458.42	.
F/X Income	13,339,809,111.61	9,001,410,146.28
Other Ordinary Income and Profit	278,673,930.67	151,770,067.84
<b>ORDINARY EXPENSES AND LOSSES FROM OTHER OPERATIONS</b>	<b>536,929,815.85</b>	<b>19,037,996.26</b>
Provision Expenses	19,562,129.48	19,037,996.26
F/X Losses	517,367,686.37	.
<b>FINANCIAL EXPENSES</b>	<b>9,715,063,317.38</b>	<b>10,217,078,247.77</b>
Short Term Borrowing Expenses	39,244,527.53	33,942,199.40
Long Term Borrowing Expenses	9,675,818,789.85	10,183,136,048.37
<b>EXTRAORDINARY INCOME AND PROFIT</b>	<b>1,461,922,917.05</b>	<b>41,005.91</b>
Other Extraordinary Income and Profit	1,461,922,917.05	41,005.91
<b>EXTRAORDINARY EXPENSE AND LOSSES</b>	<b>.</b>	<b>.5,638,256.00</b>
Other Extraordinary Expense and Losses	.	5,638,256.00
<b>PROFIT FOR THE PERIOD</b>	<b>21,636,616,535.74</b>	<b>5,446,565,743.98</b>
<b>TAXES PAYABLES AND OTHER LEGAL LIABILITIES</b>	<b>1,225,093,500.83</b>	<b>-</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>20,411,523,034.92</b>	<b>5,446,565,743.98</b>

## OTHER INFORMATION ABOUT CORPORATE GOVERNANCE

Informative Document for the 18 April 2024 Ordinary General Assembly to Review Financial Year 2023

Statements of Independence

Corporate Governance Compliance Report and Information Form

Sustainability Principles Compliance Report

# Informative Document for the 18 April 2024 Ordinary General Assembly to Review Financial Year 2023

## 1. INVITATION TO THE 18 APRIL 2024 ORDINARY GENERAL ASSEMBLY

Koç Holding A.Ş.'s Ordinary General Assembly Meeting shall convene on Thursday 18 April 2024 at 16:00 (2pm GMT) at the address of Kuzguncuk Mahallesi Azizbey Sok. No: 1 34674 Üsküdar/İstanbul (Tel: 0216 531 00 00, Fax: 0216 531 00 99). The activities of the Company for the fiscal year 2023 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, 2023 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 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.

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).

All right holders and stakeholders as well as the press are invited to the General Assembly Meeting.

Pursuant to the Capital Markets Law, shareholders holding registered shares that are traded on the stock exchange will not receive a separate registered invitation letter for the meeting.

Respectfully,

KOÇ HOLDİNG A.Ş.  
Board of Directors

Company Address: Nakkaştepe Azizbey Sok. No: 1 34674 Kuzguncuk-Üsküdar/İstanbul  
Trade Registry and Number: İstanbul/85714  
Mersis Number: 0570002057500012

## 2. ADDITIONAL EXPLANATIONS IN ACCORDANCE WITH CMB REGULATIONS

The additional explanations required pursuant to Capital Markets Board (CMB) Corporate Governance Communiqué No. II-17.1 are made in the related articles of the agenda below. Other mandatory general explanations are provided in this section.

### 2.1. Capital Structure and Voting Rights

As of the date of the publication of this Information Document, information concerning the total number of shares and voting rights, the number of shares and voting rights representing each privileged share and the type of privilege is provided below:

Company shares are divided into two groups, Group A and Group B. Each Group A share has two votes at the General Assembly.

The voting rights of our shareholders, taking into consideration privileged shares, are provided in the following table:

Shareholder	Group	Share Amount (TRY)	Equity Ratio (%)	Voting Right	Voting Right Stake (%)
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş.*	A	678.773.422	26,77	135.754.684.460	42,23
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş.*	B	430.566.455	16,98	43.056.645.478	13,39
Koç Family **	B	472.895.145	18,65	47.289.514.515	14,71
Vehbi Koç Foundation	B	184.171.754	7,26	18.417.175.384	5,73
Koç Holding Pension and Assistance Foundation	B	59.553.491	2,35	5.955.349.123	1,85
Rahmi M. Koç ve Mahdumları Maden İnşaat Turizm Ulaştırma Yatırım ve Ticaret A.Ş.	B	35.385.424	1,40	3.538.542.410	1,10
Free Float**	B	674.552.359	26,59	67.455.235.860	20,99
<b>Total</b>		<b>2,535,898,050</b>	<b>100.00</b>	<b>321,467,147,230</b>	<b>100.00</b>

\* Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. is a wholly-owned subsidiary of Temel Ticaret A.Ş. Majority of Temel Ticaret ve Yatırım A.Ş. shares belong to Koç Family members.

\*\* Koç Family Members: Rahmi M. Koç, Semahat S. Arsel, deceased Suna Kırac, M. Ömer Koç, Ali Y. Koç, İpek Kırac, Caroline N. Koç, Esra Çiğdem Koç and Aylin Elif Koç

\*\* Includes shares bought back by Koç Holding with a nominal value of 890,475 TL amounting to 0.04% of share capital.

### 2.2. Managerial and Operational Changes in Our Company or our Subsidiaries which may Significantly Affect the Activities of our Company

There are no managerial or operational changes that have substantially affected or that will substantially affect the Company's activities in the previous accounting period, or planned for the upcoming accounting periods.

Besides, material event disclosures made by our Company in accordance with legal requirements are available at [www.kap.gov.tr](http://www.kap.gov.tr)

# Informative Document for the 18 April 2024 Ordinary General Assembly to Review Financial Year 2023

## **2.3. Information regarding requests of shareholders for adding an item on the agenda**

Information on the requests of the shareholders of the partnership, submitted in writing to the Investor Relations Department regarding the inclusion of an item on the agenda, the requests that were not accepted in cases where the board of directors did not accept the requests of the shareholders, and the reasons for rejection are presented below:

No request has been submitted in writing to the Koç Holding concerning the desire of shareholders to have an item added on the agenda.

## **3. ANNOUNCEMENTS PERTAINING TO THE AGENDA ITEMS OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 18 APRIL 2024**

### **1. Opening and election of the Chair 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 Chair 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 Chair. The Chair 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 2023**

Within the framework of the TCC, the Regulation, the Capital Markets Law and related regulations, information shall be given on the 2023 Annual Report, which has been announced at the Headquarters of our Company, on the Electronic General Assembly portal of the Central Registry Agency (CRA) and on the corporate website of the Company at [www.koc.com.tr](http://www.koc.com.tr) for review of our shareholders three weeks before the General Assembly meeting and the Annual Report shall be presented for discussion and approval of our shareholders.

### **3. Presentation of the summary of the Independent Auditor’s Report for the year 2023**

A summary of the Independent Auditor’s Report, which is prepared according to the TCC and CMB regulations and announced three weeks prior to the General Assembly meeting at the Company Headquarters, the Electronic General Assembly Portal of the CRA and [www.koc.com.tr](http://www.koc.com.tr), will be read aloud.

### **4. Presentation, discussion and approval of the Financial Statements of the Company for the year 2023**

Information about our financial statements and legal statutory accounts, which, pursuant to the TCC, Bylaws and Capital Markets Law have been announced three weeks prior to the General Assembly meeting at our Company Headquarters, on the Electronic General Assembly Portal of the CRA and on [www.koc.com.tr](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 2023**

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 2023 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 2023 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 01.01.2023 – 31.12.2023; consolidated profit attributable to equity holders of the parent in the amount of TL 72,230 million was made. The dividend payment proposal, drawn up in accordance with the dividend distribution table format provided in the Dividend Communiqué numbered II-19.1 and the Dividend Manual announced in accordance with the said Communiqué, and taking into account the Company's Dividend Distribution Policy, long-term strategy, investment and financing policies, profitability and liquidity, is provided in **Appendix 1**.

## 7. 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 Board of Directors, upon the proposal of the Nomination and Remuneration Committee, has designated Mr. Cem M. Kozlu, Mr. Peter Martyr, Mr. Michel Ray de Carvalho and Mr. Ömer Önhon as candidates for Independent Member of the Board of Directors and the candidates for whom CMB will not grant any negative opinion will be presented to the general assembly for approval.

All the four 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 Mr. Peter Martyr and Mr. Michel Ray de Carvalho.

The CVs of the candidates to the Board of Directors and the Declarations of Independence for the independent member candidates who will be presented to the General assembly are provided in **Appendix 2**.

## 8. Presentation to the shareholders and approval by the General Assembly of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made on that basis in accordance with the Corporate Governance Principles

According to CMB's mandatory Corporate Governance Principle No. 4.6.2, the principles for the remuneration of Board of Directors' members and senior management shall be made available in writing and included as a separate item on the General Assembly agenda to enable the shareholders to share their opinions on the same. The Remuneration Policy prepared in this respect is attached hereto as **Appendix 3** for this purpose. Information on the compensation of the members of the Board of Directors and the senior management is available in footnote No. 30 of our financial statements dated 31 December 2023.

## 9. 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 2024 shall be determined by the shareholders as per our revised Remuneration Policy submitted for the approval of the shareholders as per item 8 of the agenda.

## Informative Document for the 18 April 2024 Ordinary General Assembly to Review Financial Year 2023

### **10. 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 16 May 2023 to nominate Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to audit the Company's financial reports for the year 2024 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.

### **11. Within the scope of the Company's Donation and Sponsorship Policy, informing the shareholders on the donations made by the Company in 2023 and determining an upper limit for donations for the year 2024,**

The Donations and Sponsorship Policy which was adopted by the Board of Directors and disclosed on 01.03.2021 was approved by the shareholders at the General Assembly on 09.04.2021 in accordance with the Corporate Governance Principle 1.3.10 "A policy regarding donations and contributions shall be prepared and submitted to the approval of the general assembly.

Pursuant to Article 6 of the CMB's Communiqué on Dividends No. II-19.1, the limit of donations to be made must be determined by the General Assembly, in cases not specified in the Articles of Association, and information concerning the donations and payments made must be provided to shareholders at the General Assembly. Therefore, in accordance with the Donation and Sponsorship Policy, donations totaling to TL 192,138,147 were made to foundations and associations in 2023 (corresponding to TL 245,663,992 stated as according to purchasing power of Turkish Lira at 31 December 2023). Of this amount, TL 158,057,625 was donated to Vehbi Koç Foundation; TL 16,162,746 was donated to Koç University; TL 8,000,000 was donated to RMK Museology and Cultural Foundation; TL 4,970,444 was donated to Turkish Education Foundation; TL 2,097,820 was donated to İstanbul Foundation for Culture and Arts; and the remaining TL 2,849,512 was donated to various other entities each with an amount below TL 1,000,000 the amounts of which are not deemed to be material for investors. The upper limit of donations to be made in 2024 shall be resolved by the General Assembly.

### **12. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2023 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. 33 of our financial statements dated 31 December 2023.

### **13. 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 2023 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 2023, 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.

#### 14. Information regarding Koç Holding's target and progress towards target on transition to a low-carbon economy

In line with its 2050 carbon neutrality target, Koç Holding commits to reduce Scope 1 and Scope 2 greenhouse gas emissions by 27% in 2030 and by 49% in 2040 compared to the 2017 baseline. Information on studies and progress in 2023 towards the target will be shared at the General Assembly.

#### 15. Wishes and Observations.

#### APPENDICES:

<b>APPENDIX 1</b>	2023 Dividend Distribution Proposal
<b>APPENDIX 2</b>	CVs of Board of Directors Candidates and Independence Declarations of Independent Board Member Candidates
<b>APPENDIX 3</b>	Remuneration Policy for Board of Directors and Executive Management

#### APPENDIX 2 CVs OF BOARD OF DIRECTORS CANDIDATES AND INDEPENDENCE DECLARATIONS OF INDEPENDENT MEMBER CANDIDATES

##### Ömer Önhon (Independent Board Member Candidate)

Önhon graduated from Kingston University, Faculty of Politics and Economy and worked for the Ministry of Foreign Affairs from 1985 to 2021. He served at the Embassy of Türkiye in Riyadh, at the Permanent Mission of Türkiye to the Organization for Security and Cooperation in Europe, at the NATO Permanent Mission of Türkiye to NATO and at the Embassy of Türkiye in Damascus. He then served as Consul General of Türkiye in New York, and as Ambassador of Türkiye in Damascus and Madrid. Returning to Ankara, he served as Deputy Undersecretary in charge of the Middle East and Asia at the Ministry of Foreign Affairs, and as Director General of International Security Affairs. Following his departure from the Ministry of Foreign Affairs in 2021, he founded a company carrying his own name where he is self-employed and through which he provides strategic consultancy and organization services.

Önhon is currently Board Member at the Ankara Policy Center, and Director of the Center for the Eurasian Security and Cooperation within the Economic Policy Research Foundation of Türkiye.

Önhon published a book named "Büyükelçinin Gözünden Suriye" (which can be translated as "Syria through the eyes of the Ambassador") and was a writer for the "Sharq al Awsat" newspaper. Since last year, he continues to write for "Al Majalla" which belongs to the same media group.

*Note: For the CVs of other BoD candidates, see pages 180-183*

## Declaration of Independency

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.

(originals signed)

**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.

(originals signed)

**Peter Martyr**

## Declaration of Independency

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.

(originals signed)

**Michel Ray de Carvalho**

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.

(originals signed)

**Ömer Önhon**

# Corporate Governance Compliance Report and Information Form

## I. CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
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					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was not any notification made regarding such a transaction.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly information document. The remaining amount for which the details were not provided, includes donations to various parties each below TL 250,000, which were not deemed as material information to our shareholders. As the donations below this threshold are not interrogated by our investors, we foresee to continue with the current practice of disclosing only the material amounts.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					



	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. However, for decisions concerning the amendment to the Articles of Association or filing a lawsuit of acquaintance and responsibility, all shares have 1 (one) right to vote. As stated in company's Articles of Association, Group A shareholders do not have the privilege to nominate candidates to the BoD. Besides, total number of Group A voting rights make up for less than half of the total voting rights. As these rights have been present since the establishment and accordingly the initial public offering of our shares and taking into account that it is not possible to make a decision by the affirmative votes of privileged shares only and also given that do not prevent the holders of publicly traded shares from being represented at company board, any changes to the current structure is not foreseen.
1.4.2 - The company does not have shares that carry privileged voting rights.			X			
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	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of 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. Any changes to the current structure is not foreseen.
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			
<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					Dividend was distributed.
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	
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	
<b>1.7. TRANSFER OF SHARES</b>						
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.
<b>2.1. CORPORATE WEBSITE</b>						
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			
<b>2.2. ANNUAL REPORT</b>						
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			
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.			X			
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.			X			
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.			X			
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.			X			

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
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					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
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.
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

# Corporate Governance Compliance Report and Information Form

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
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					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chair and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
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					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members					X	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.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			Members who serve on more than one committee facilitate communication and increase the opportunities for cooperation between committees handling related subjects. Given the performance and the efficiency of the committees and the valuable contributions of Board members, any changes to the current structure is not deemed necessary.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There have not been any external consultancy services used.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

# Corporate Governance Compliance Report and Information Form

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Similar to the general practices, the remuneration of the members of the Board and Executive Management is disclosed in total in the annual report and at the General Assembly meetings. We are monitoring the general market practices in this subject which we deem to be material in terms of the protection of personal information, and intend to follow such prevalent practice.

## II. CORPORATE GOVERNANCE INFORMATION FORM

SHAREHOLDERS	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	Attended 14 roadshow and conferences, met with more than 500 investors
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/en/Bildirim/1116838">https://www.kap.org.tr/en/Bildirim/1116838</a>
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	<a href="https://www.koc.com.tr/investor-relations/corporate-overview-and-governance">https://www.koc.com.tr/investor-relations/corporate-overview-and-governance</a>
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/en/Bildirim/926383">https://www.kap.org.tr/en/Bildirim/926383</a>
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 can follow the meetings.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. However, for decisions concerning the amendment to the Articles of Association or filing a lawsuit of acquaintance and responsibility, all shares have 1 (one) right to vote. Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. owns all of Group A shares which correspond to 42.23% of the total voting rights. Current shareholder structure is available in the annual report.
The percentage of ownership of the largest shareholder	43.75%
<b>1.5. Minority Rights</b>	
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.	-
<b>1.6. Dividend Right</b>	
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

<b>General Assembly Meetings</b>	
General Meeting Date	22.03.2023
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	82%
Percentage of shares directly present at the GSM	11%
Percentage of shares represented by proxy	71%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations - Corporate Governance - General Assembly Meetings
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations - Corporate Governance - General Assembly Meetings
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	<a href="https://www.kap.org.tr/en/Bildirim/1127187">https://www.kap.org.tr/en/Bildirim/1127187</a>
<b>General Meeting Date</b>	
	24.08.2023
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	86%
Percentage of shares directly present at the GSM	-
Percentage of shares represented by proxy	86%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations - Corporate Governance - General Assembly Meetings
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations - Corporate Governance - General Assembly Meetings
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	<a href="https://www.kap.org.tr/en/Bildirim/1189291">https://www.kap.org.tr/en/Bildirim/1189291</a>
<b>2. DISCLOSURE AND TRANSPARENCY</b>	
<b>2.1. Corporate Website</b>	
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
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Legal Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Legal Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability and Human Resources

## 3. STAKEHOLDERS

### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Albeit a policy devoted specifically to this subject, all rights of the stakeholders of Koç Holding and Koç Group companies are managed in accordance with national and international legal norms.
The number of definitive convictions the company was subject to in relation to breach of employee rights	None
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	According to the Koç Group Whistleblowing Policy available on Koç Holding website, unfair practices against employees and the company and violations of business partners shall be investigated by the Koç Holding Internal Audit Department. Koç Holding Legal and Compliance Department is mainly responsible to perform the investigations related to the private law violations. Koç Holding Internal Audit Department and Koç Holding Legal and Compliance Department act as the consultancy function in order to monitor the effectiveness of the Investigations conducted within Koç Group in general, and to increase the quality of the outputs.
The contact detail of the company alert mechanism	The Ethics Hotline accessible via Koç Holding website provides the options to raise a concern online or by phone. <a href="https://secure.ethicspoint.eu/domain/media/en/gui/108227/index.html">https://secure.ethicspoint.eu/domain/media/en/gui/108227/index.html</a>

# Corporate Governance Compliance Report and Information Form

## 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. Koç Group Code of Ethics and Human Rights Policy cover and emphasize creating equal opportunities. <https://www.koc.com.tr/about-us/code-of-ethics-and-compliance-policies> Koç Group values its employees and respects their rights. The policy of "Our Most Important Asset is our People," best summarizes the basic approach of the Koç Group to human resources.

Whether the company provides an employee stock ownership program No

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy. Life in Koç – Koç Culture and Our Priorities & Being a Part of Koç

The number of definitive convictions the company is subject to in relation to health and safety measures None

## 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics About - Code of Ethics and Compliance Policies

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues. Sustainability

Any measures combating any kind of corruption including embezzlement and bribery Principles on these topics are covered in Code of Ethics as well as under the Anti-Bribery and Corruption Policy.

#### 4. BOARD OF DIRECTORS-I

##### 4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	29.12.2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was made among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Internal audit unit provides combined information to the audit committee each year regarding the operations within the year.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control Systems and Audit
Name of the Chair	Ömer M. Koç
Name of the CEO	Levent Çakiroğlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations - Corporate Governance
The number and ratio of female directors within the Board of Directors	4 (33%)

#### Board Members

Name-Surname	Whether Executive Director Or Not	Whether Independent Board Member or not	The First Election Date to Board	Link to PDP Notification That Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy the Independence	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
Rahmi M. Koç	Non-Executive	Not	01.01.1963				
Ömer M. Koç	Non-Executive	Not	01.04.2004				
Ali Y. Koç	Non-Executive	Not	01.01.2008				
Semahat S. Arsel	Non-Executive	Not	01.01.1972				
Caroline N. Koç	Non-Executive	Not	05.04.2016				
İpek Kıraç	Non-Executive	Not	05.04.2016				
Levent Çakiroğlu	Executive	Not	05.04.2016				
Jacques A. Nasser	Non-Executive	Not	31.03.2015				
Emily K. Rafferty	Non-Executive	Independent	22.03.2018	<a href="https://www.kap.org.tr/tr/Bildirim/1116838">https://www.kap.org.tr/tr/Bildirim/1116838</a>	Considered	No	Yes
Cem M. Kozlu	Non-Executive	Independent	13.11.2019	<a href="https://www.kap.org.tr/tr/Bildirim/1116838">https://www.kap.org.tr/tr/Bildirim/1116838</a>	Considered	No	Yes
Peter Martyr	Non-Executive	Independent	09.04.2021	<a href="https://www.kap.org.tr/tr/Bildirim/1116838">https://www.kap.org.tr/tr/Bildirim/1116838</a>	Considered	No	
Michel Ray de Carvalho	Non-Executive	Independent	01.04.2022	<a href="https://www.kap.org.tr/tr/Bildirim/1116838">https://www.kap.org.tr/tr/Bildirim/1116838</a>	Considered	No	

# Corporate Governance Compliance Report and Information Form

## 4. BOARD OF DIRECTORS - II

### 4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	9
Director average attendance rate at board meetings	95%
Whether the board uses an electronic portal to support its work or not	None
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	1 week in advance for strategic meetings, at least 1 business day in advance for all other meetings
The name of the section on the corporate website that demonstrates information about the board charter	Koç Holding Board Working Principles is not a publicly available document.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such policy.

### 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Explanations Regarding Corporate Governance
Link(s) to the PDP announcement(s) with the board committee charters	<a href="https://www.kap.org.tr/en/Bildirim/926981">https://www.kap.org.tr/en/Bildirim/926981</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	-	Cem M. Kozlu Emily K. Rafferty	Chair Member	Board Member Board Member
Corporate Governance Committee	-	Cem M. Kozlu İpek Kiraç Polat Şen	Chair Member Member	Board Member Board Member Not Board Member
Risk Management Committee	-	Peter Martyr Caroline N. Koç	Chair Member	Board Member Board Member
Other	Nomination and Remuneration Committee	Emily K. Rafferty Ali Y. Koç	Chair Member	Board Member Board Member
Other	Executive Committee	Semahat S. Arsel Rahmi M. Koç Ömer M. Koç Ali Y. Koç İpek Kiraç	Member Member Chair Member Member	Board Member Board Member Board Member Board Member 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
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance
<b>4.6. Financial Rights</b>	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Board of Directors Report
Specify the section of website where remuneration policy for executive and non-executive directors is presented.	Investor Relations - Corporate Governance
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Remuneration Policy

##### Composition of Board Committees - II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	4	10
Corporate Governance Committee	-	67%	33%	1	1
Risk Management Committee	-	100%	50%	6	6
Other	Nomination and Remuneration Committee	100%	50%	2	2

## Sustainability Principles Compliance Report

	COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
	YES	NO	PARTIAL	N/A		
<b>A. General Principles</b>						
<b>A1. Strategy, Policy and Targets</b>						
A1.1		X			Koç Holding A.Ş. handles its sustainability-related activities within the frame of the company strategy "Lead. Together" which has been approved by Koç Holding Board of Directors and publicly disclosed.	<a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> Koç Holding Annual Report, Sustainability, page 43-44, 48-49, 51-53
A1.1	The Board of Directors establishes relevant ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and they are publicly disclosed.	X			Sustainability-related policies Koç Holding A.Ş. put into implementation within the scope of the company strategy "Lead. Together" can be found on the company website.	<a href="https://www.koc.com.tr/sustainability/sustainability-reports-and-policies">https://www.koc.com.tr/sustainability/sustainability-reports-and-policies</a> , page 41 Declaration of Compliance with Sustainability Principles, page 172
A1.2	Publicly discloses short- and long-term goals set according to ESG policies	X			Koç Holding targets to reduce its Scope 1 and Scope 2 GHG emissions by 27% by 2030 and by 49% by 2040 as compared to 2017 baseline year in accordance with its carbon neutral by 2050 target. Pursuant to the Board Diversity Policy ratified in March 2021, Koç Holding targets to maintain the percentage of women members on Board of Directors seats at 30% minimum at all times	Koç Holding Annual Report, Sustainability, page 42, 47 <a href="https://www.kap.org.tr/Bildirim/1009191">https://www.kap.org.tr/Bildirim/1009191</a> <a href="https://www.kap.org.tr/Bildirim/914140">https://www.kap.org.tr/Bildirim/914140</a>
<b>A2. Implementation / Monitoring</b>						
A2.1	Determines and discloses the committees/units responsible for the execution of ESG policies, and the highest level positions in charge of ESG issues at the Company and their duties.	X			Focused on managing its sustainability efforts at the highest level, Koç Holding reports the progress in relation to its strategy "Lead. Together" and material topics to the Board of Directors via the Corporate Governance Committee within the scope of "CMB Sustainability Principles Compliance" reporting. Climate risks and opportunities are followed up and managed under the Carbon Transition Program; the Risk Committee under the Board of Directors is kept regularly informed of climate risks and opportunities. The Sustainability Unit under the Corporate Communication and Relations Directorate that reports to Koç Holding CEO executes the strategy and provides coordination with the various units within the company	Koç Holding Annual Report, Sustainability, page 42, 47
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.	X			The Board of Directors is kept informed about Sustainability Principles Compliance efforts by the Corporate Governance Committee and Risk Committee set up thereunder.	Koç Holding Annual Report, Sustainability, page 42

		COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
A2.2	Creates and discloses implementation and action plans aligned with ESG targets	X				Koç Holding has set its target to become carbon neutral by 2050 in response to the increasing importance attached by stakeholders to the combat against climate crisis and the European Green Deal. To create the low-carbon transition pathway and action plans necessary to achieve this target, the Group-wide Carbon Transition Program has been launched.	Koç Holding Annual Report, Sustainability, page 60
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.	X				Koç Holding has been monitoring ESG key performance indicators for more than 10 years; the Company studies domestic and international best practices, and reviews its set of indicators within the frame of common trends. The publicly disclosed indicators from out of the data set followed up at the Group level cover the change over the course of the last three years.	Koç Holding Annual Report, Sustainability, page 56-58, 61-63
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services	X					Koç Holding Annual Report, Sustainability, page 65 Koç Holding Annual Report, R&D page 74-75
<b>A3. Reporting</b>							
A3.1	Discloses sustainability performance, targets and actions in an intelligible, accurate and adequate manner in annual reports.	X					Koç Holding Annual Report, Sustainability, page 41-67
A3.2	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities relate to.	X					Koç Holding Annual Report, Sustainability, page 46
A3.3	Makes disclosures regarding the lawsuits filed and/or concluded against the company on account of ESG issues, which are material with respect to ESG policies and/or have material impact on operations.	X					Koç Holding Annual Report, Legal Disclosures, page 167 Koç Holding Annual Report, Sustainability page 58
<b>A4. Verification</b>							
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.			X		Scope 1 and 2 GHG emissions verified at the Koç Group companies in 2021, and verification was obtained from an independent third party within the frame of ISO 14064-1 GHG Emissions Verification and Reporting Standard. Verification for 2022 data on Koç Holding's consolidated Scope 1 and 2 GHG emissions has been completed in line with AA1000AS and shared in 2022 Sustainability Report that was published in 2023. Koç Holding received assurance for the 2023 Materiality Analysis. Verification is in progress for 2023 data on Koç Holding's consolidated Scope 1, 2 and 3 GHG emissions, waste and water data and will be shared in 2023 Sustainability Report to be published in 2024. It is planned to develop Group-wide consolidated monitoring and reduction strategies in the years ahead. In parallel, science-based target setting is being carried out across the related Koç Group companies..	Koç Holding Annual Report, Declaration of Compliance with Sustainability Principles, page 172 Koç Holding Annual Report, Sustainability page 44

# Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
<b>B. Environmental Principles</b>							
B1	Publicly discloses its environmental management policy and practices, action plans, environmental management systems (known by ISO 14001 standard) and programs	X					Koç Holding Annual Report, Sustainability, page 46
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information.	X					Koç Holding Annual Report, Sustainability, page 46-47
B3	Provided in A2.1						
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).	X			Koç Diyalog, i.e. the performance management system of Koç Holding, uses the OKR (Objectives and Key Results) method whereby employees set objectives and key results aligned with the Company targets and strategies and objectives are dynamically revised according to priorities that change during the year. Climate related targets are included in the OKRs of Koç Holding CEO, CFO, Sustainability Managers and employees.		Koç Holding Annual Report, Sustainability, page 47
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.	X					Koç Holding Annual Report, Sustainability, page 47-58
B6	Provided in A2.4.						
B7	Explains how it manages environmental issues throughout the Company's value chain including suppliers and customers so as to cover the operation process as well and how they are integrated into its business goals and strategies.	X					Koç Holding Annual Report, Sustainability, page 47-58
B8	Discloses whether it is involved in policy-making processes on environmental issues of relevant institutions and non-governmental organizations and its collaborations with these institutions and organizations, if any.	X					Koç Holding Annual Report, Sustainability, page 43-58



		COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; GHG emissions Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications).			X		Scope 1 and 2 GHG emissions verified at the Koç Group companies in 2021, and verification was obtained from an independent third party within the frame of ISO 14064-1 GHG Emissions Verification and Reporting Standard. Verification for 2022 data on Koç Holding's consolidated Scope 1 and 2 GHG emissions has been completed in line with AA1000AS and shared in 2022 Sustainability Report that was published in 2023. Koç Holding received assurance for the 2023 Materiality Analysis. Verification is in progress for 2023 data on Koç Holding's consolidated Scope 1, 2 and 3 GHG emissions, waste and water data and will be shared in 2023 Sustainability Report to be published in 2024. It is planned to develop Group-wide consolidated monitoring and reduction strategies in the years ahead. In parallel, science-based target setting is being carried out across the related Koç Group companies.	Koç Holding Annual Report, Declaration of Compliance with Sustainability Principles, page 172
B10	Discloses the standard, protocol, methodology and baseline year details used to collect and calculate its data	X					Koç Holding Annual Report, Sustainability, page 50-58
B11	Publicly discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years	X					Koç Holding Annual Report, Sustainability, page 56-58
B12	Sets short and long-term goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.	X					Koç Holding Annual Report, Sustainability, page 50-58
B13	Discloses its strategy and actions to combat the climate crisis.	X					Koç Holding Annual Report, Sustainability, page 50-58
B14	Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/or services it offers.				X	Koç Holding undertakes investment activities at holding level and information about the products and/or services of companies invested in can be found in the relevant sections of Koç Holding Annual Report and the sustainability reports of relevant companies.	
	Takes and explains its actions for driving reduction of GHG emission quantities of third parties (e.g. suppliers, sub-contractors, dealers, etc.).				X	Koç Holding undertakes investment activities at holding level and information about the products and/or services of companies invested in can be found in the relevant sections of Koç Holding Annual Report and the sustainability reports of relevant companies.	
B15	Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/revenues and cost savings they provide.	X					Koç Holding Annual Report, Sustainability, page 56-58
B16	Reports energy consumption data (gas, diesel oil, fuel oil, LPG, coal, electricity, heating, cooling, etc.) and discloses its energy consumption as Scope-1 and Scope-2.	X				Scope 1 and Scope 2 GHG emissions are regularly calculated within the scope of sustainability efforts. Similarly, energy consumption data are also reported broken down into "renewables/non-renewables" to correspond to the expectations of international sustainability indices.	Koç Holding Annual Report, Sustainability, page 56-58

## Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
B17	Discloses information about the electricity, heat, steam and cooling generated during the reporting year.			X			Koç Holding Annual Report, Sustainability, page 56-58
B18	Conducts and discloses studies on increasing the use of renewable energy, transition to zero or low carbon electricity..	X					Koç Holding Annual Report, Sustainability, page 56-58
B19	Discloses data on its renewable energy generation and consumption.	X					Koç Holding Annual Report, Sustainability, page 56-58
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	X					Koç Holding Annual Report, Sustainability, page 56-58
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.	X					Koç Holding Annual Report, Sustainability, page 57
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).			X	Since regulatory framework governing carbon pricing system has yet to be finalized in our country, the Company is not included in any carbon pricing system. Different tools are considered for deployment across the Koç Group for low-carbon transition and those deemed necessary will be put into implementation within the scope of the strategy developed.		Koç Holding Annual Report, Declaration of Compliance with Sustainability Principles, page 172
B23	Discloses the carbon credits saved or purchased during the reporting period.			X	No carbon credits were saved or purchased during the reporting period across the Koç Group		Koç Holding Annual Report, Declaration of Compliance with Sustainability Principles, page 172
B24	Discloses the details if carbon pricing is applied within the Company			X	Since regulatory framework governing carbon pricing system has yet to be finalized in our country, the Company is not included in any carbon pricing system. Notwithstanding, internal carbon pricing efforts are carried out at some Koç Group companies, but they are not rolled out across the Koç Group. Different tools are considered for deployment across the Koç Group for low-carbon transition and those deemed appropriate will be put into implementation within the scope of the strategy developed.		Koç Holding Annual Report, Sustainability
B25	Discloses the platforms that it reports its environmental information to.	X					Koç Holding Annual Report, Sustainability, page 43

	COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
	YES	NO	PARTIAL	N/A		
<b>C. Social Principles</b>						
<b>C1. Human Rights and Employee Rights</b>						
C1.1		X			Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.	Koç Group Human Rights Policy <a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/3-human-rights-policy_eng_040324.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/3-human-rights-policy_eng_040324.pdf</a> Koç Holding Annual Report, Sustainability, page 59-63
C1.2		X			Incorporates equitable workforce, improvement of working standards, women’s employment and inclusion (not discriminating on the basis of gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities, political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights, while looking out for the effects of supply and value chain..	Koç Group Human Rights Policy <a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/3-human-rights-policy_eng_040324.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/3-human-rights-policy_eng_040324.pdf</a> Koç Holding Annual Report, Sustainability, page 59-63
C1.3		X			Discloses the measures taken throughout the value chain for protecting the rights of groups sensitive to certain economic, environmental, social factors (lowincome groups, women, etc.) or for securing minority rights/equal opportunity.	Koç Group Human Rights Policy Sustainability Report, Page 48-54 “Diversity and Inclusion -Generation Equality Forum” Annual Report Page 49 “Empower People. Together – Equal Opportunity and Diversity” Koç Holding Annual Report, Sustainability, page 59-63
C1.4		X			Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor.	Koç Group Human Rights Policy page 5-6 “Freedom of Association and Collective Bargaining”; “Working Hours”; “Personal Development” Annual Report page 49 “Empower People. Together – Human Rights and Fair Working Environment” Koç Holding Annual Report, Sustainability, page 59-63

Presentation

General Assembly

Koç Group

Sectors and Companies

Social Investments

Corporate Governance

Financial Statements

Other Information

## Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
C1.5	Incorporates investments in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work/life balance solutions and talent management in its policies concerning employee rights.	X					Koç Group Human Rights Policy page 5-6 "Right of Association and Collective Bargaining"; "Working Hours"; "Personal Development" <a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/3-human-rights-policy_eng_040324.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/3-human-rights-policy_eng_040324.pdf</a>
	Determines the mechanisms for resolution of employee complaints and labor disputes, and establishes conflict resolution processes.	X					Whistleblowing Policy <a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/15koc-group-whistleblowing-policy_eng-040324.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/15koc-group-whistleblowing-policy_eng-040324.pdf</a>
	Discloses the activities for ensuring employee satisfaction during the reporting period	X					2022 Sustainability Report Page 38-41, 59-61 "Empower People Together"
C1.6	Establishes and discloses occupational health and safety policies.	X					Occupational Health and Safety Policy <a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/policies/koc-group-h-s-policy.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/policies/koc-group-h-s-policy.pdf</a> Koç Holding Annual Report, Sustainability, page 62
	Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.	X					2022 Sustainability Report Page 50,60 "Occupational Health and Safety" Koç Holding Annual Report, Sustainability, page 62
C1.7	Establishes and discloses personal data protection and data security policies.	X					PDPL Policy <a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/14kvk-personal-data-protection-policy_eng-040324.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/14kvk-personal-data-protection-policy_eng-040324.pdf</a>
C1.8	Establishes and discloses a code of ethics.	X					Code of Ethics <a href="https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/01-koc-toplulugu_etik_ilkeleri_eng-040324.pdf">https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/2024/01-koc-toplulugu_etik_ilkeleri_eng-040324.pdf</a>

		COMPLIANCE				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
C1.9	Discloses information on activities with regards to community investments, social responsibility, financial inclusion and access to finance.	X					Koç Holding Annual Report, Sustainability, page 61-67
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.	X					Koç Holding Annual Report, Sustainability, page 58
<b>C2. Stakeholders, International Standards and Initiatives</b>							
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.				X	Koç Holding carries out investment activities at holding level; hence the question is deemed irrelevant.	
C2.3	Discloses information about the communication maintained with stakeholders (which stakeholders, topics and frequency).	X					Koç Holding Annual Report, Sustainability, page 43-46
C2.3	Discloses the international reporting standards embraced in its reporting.	X					Koç Holding Annual Report, Sustainability, page 42-43, 48-49
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.	X					Koç Holding Annual Report, Sustainability, page 42-43, 48-49
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa İstanbul and/or international index providers.	X				Koç Holding works to qualify for, and improve its performance on, internationally leading sustainability indices including Borsa İstanbul, and reports the indices that it is a constituent of.	Koç Holding Annual Report, Sustainability, page 42-43, 48-49
<b>D. Corporate Governance Principles</b>							
D.1	Seeks stakeholders' opinions when determining the measures and strategies in relation to sustainability.	X				The company conducted a strategic materiality analysis in 2023 to identify risks and opportunities related to environmental, social, and corporate governance issues, aligning with changing stakeholder expectations and global trends, as well as the preceding years of 2015, 2017, and 2020. This analysis encompassed both internal stakeholders, comprising employees from all levels, and external stakeholders, such as academia, civil society, industry association members, suppliers, customers, and investors.	Koç Holding Annual Report, Sustainability, page 43-46
D.2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X					Koç Holding Annual Report, Sustainability, page 64-67

## 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

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### **Disclaimer**

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2023, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Wednesday, 18 April 2024 at 4.00pm, at Koç Holding headquarters, Kuzguncuk Mahallesi Azizbey Sok. No: 1 34674 Üsküdar/İstanbul.

This Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision. The opinions and statements regarding estimated figures contained within this Report solely reflect

the Company management's views with respect to certain future events; thus, the actual results and developments may differ from these estimates depending on the variables and assumptions. Accordingly, neither the Koç Group nor its respective advisors, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in, or omission from, this Report, or on any other information or communications in connection with the Report.

All information contained in this Report was believed to be accurate at the time of publication. Koç Holding accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.

