Koç Holding 2021 Annual Report

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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[1]

~7%
Exports / Turkey's Exports[1]

~21%
Total Market Capitalization on Borsa İstanbul 100 Index[2]

Turkey's Largest Industrial Group

4 of Turkey's 10 Largest Industrial Enterprises[3]
1. Tüpraş
2. Ford Otosan
7. Arçelik
8. Tofaş

Turkey's Largest Network

Biggest Employer
>105,000 employees

Largest Distribution Network
> 800 bank branches

~11,000 dealers and after-sales service points

Largest Customer Database
Including >12.5 million customers

Turkey's Highest R&D Investments

~7% of Turkey's Private Sector R&D Expenditure[4]

Turkey's Largest Intellectual Property Rights Portfolio
- > 8,100 trademarks
- > 2,600 patent families
- > 4,600 patents
- > 1,100 industrial designs
- > 4,700 internet domain names

Turkey's Largest Exporters

4 of Turkey's 10 Largest Exporters[5]
1. Ford Otosan
6. Arçelik
8. Tofaş
9. Tüpraş

~32%
International revenues / Total revenues

>150
Number of exporting countries

~80
Production facilities and marketing / sales companies abroad

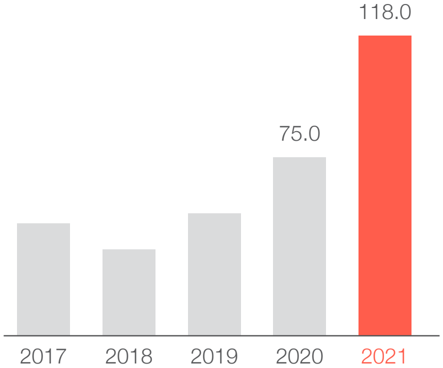
The Koç Group, whose objective is to increase the value created for all its stakeholders, continues its journey that started nearly a century ago, within the framework of its long-term value creation target and global growth vision.

(1) Based on Turkish Statistical Institute's 2021 data
(2) Based on Borsa İstanbul's data as of 31 December 2021
(3) İstanbul Chamber of Industry 2021 report
(4) Based on Turkish Statistical Institute's 2020 R&D data by sector and financial source.
(5) Turkish Exporters' Assembly 2021 report
All numbers refer to combined figures.

Sustainable and Strong Performance

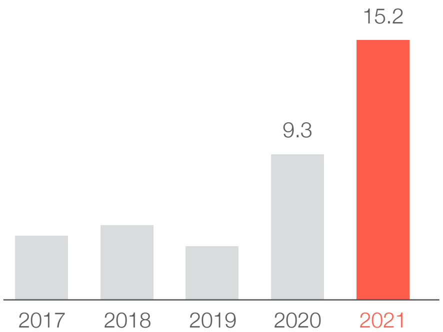
Net Asset Value[1]
(TL billion)

TL 118 billion[2]



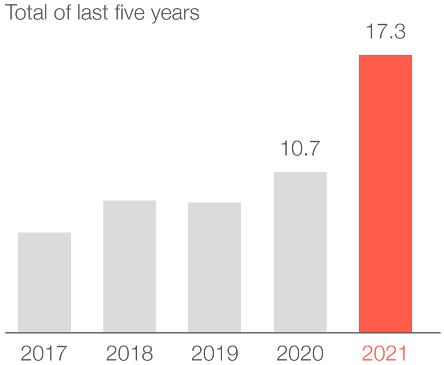
Net Profit[3]
(Consolidated-TL billion)

TL 15.2 billion



Investments
(Combined-TL billion)

TL 53 billion
Total of last five years



Financial Indicators (Consolidated-TL million)	2020	**2021**	**Change**
Revenues	183,777	**346,689**	**89%**
Operating Profit	16,832	**34,675**	**106%**
Profit Before Tax	13,840	**29,129**	**110%**
Net Profit[3]	9,273	**15,193**	**64%**
Total assets	630,101	**1,020,553**	**62%**
Total equity	88,071	**121,105**	**38%**
Equity attributed to equity holders of the parent	46,342	**63,641**	**37%**

(1) Indicates the sum of shares that belong to Koç Holding from the market capitalization of listed companies, the intrinsic value of unlisted companies and Koç Holding's net cash and other assets. Listed companies have approximately 85% share within net asset value.
(2) Includes securities portfolio of Koç Holding (Yapı Kredi Bank's AT1)
(3) Net profit attributable to the equity holders of the parent.

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
- Ending the consumption of single-use plastics by March 2023
- Commitment to keep the % of women on board at least at 30% at all times[1]

(1) Policy acceptance date: March 2021

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
- One of the Action Coalition Leaders on Technology and Innovation at the UN Generation Equality Forum
- HeForShe 10x10x10 Impact Champion
- UN Women's Empowerment Principles (UN WEPs)
- UN Women Unstereotype Alliance
- UN Global Compact (UNGC)

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

Sustainability Report

Koç Holding and the Koç Group at a Glance

Sectors	Share in Combined Revenues	Share in Combined Operating Profit[1]
Energy	42%	30%
Automotive	26%	34%
Consumer Durables	14%	9%
Finance	14%	25%
Other Lines of Business	5%	2%

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

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

(2) Tüpraş, Aygaz, Ford Otosan, Tofaş, TürkTraktör, Otokar, Arçelik, Yapı Kredi Bank and Tat Gıda are listed companies.
(3) Ford Motor Company wholly owns Ford Deutschland GmbH, which has a 41.04% share in Ford Otosan.
(4) With the merger of FCA and Peugeot S.A. (PSA) in January 2021, a new company named Stellantis was established and this new company owns 100% of FCA Italy SpA, which has a 37.86% share in Tofaş.
(5) Based on total assets and among private banks
(6) Based on average revenue share in tomato products, ketchup and canned pickles categories.

Ordinary General Assembly Meeting Agenda

1. Opening and election of the Chairman of the Meeting
2. Presentation for discussion and approval of the Annual Report of the Company prepared by the Board of Directors for the year 2021
3. Presentation of the summary of the Independent Auditor's Report for the year 2021
4. Presentation, discussion and approval of the Financial Statements of the Company for the year 2021
5. Release of each member of the Board of Directors from liability for the Company's activities for the year 2021
6. Approval, approval with amendment, or rejection of the Board of Directors' proposal on the distribution of profits for the year 2021 and the distribution date
7. Presentation and approval of share buyback transactions carried out in accordance with the Board of Directors' resolution
8. Determining the number of the members of the Board of Directors and their terms of office and election of the members of the Board of Directors in accordance with the newly resolved number and election of the Independent Board Members
9. Presentation to the shareholders and approval by the General Assembly of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made on that basis in accordance with the Corporate Governance Principles
10. Determining the annual gross salaries to be paid to the members of the Board of Directors
11. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations
12. Presentation of the donations made by the Company in 2021 to the shareholders and resolution on an upper limit for donations for the year 2022
13. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2021 and of any benefits or income thereof in accordance with the Capital Markets Board regulations
14. Authorization of the shareholders that have management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders of the transactions carried out thereof in the year 2021 pursuant to the Corporate Governance Communique of the Capital Markets Board
15. Wishes and Observations

Independent Auditor's Report on the Annual Report

(Convenience translation of the report originally issued in Turkish)

To the General Assembly of Koç Holding A.Ş.

1. Opinion

We have audited the annual report of Koç Holding A.Ş. (the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group") for the 1 January - 31 December 2021 period.

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

2. Basis for Opinion

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

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

We expressed an unqualified opinion in the auditor's report dated 17 February 2022 on the full set consolidated financial statements for the 1 January - 31 December 2021 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:

- 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
Partner

Istanbul, 10 March 2022

Honorary Chair's Message

Confident in our country's future, we will resolutely continue with our investments.

Esteemed shareholders,

Greeting you all with love and respect, I thank you for honoring our 58th general assembly with your presence.

In 2021 the world made important progress towards binding up the economic wounds caused by the COVID-19 pandemic. While the force of the pandemic was being broken by accelerated vaccination programs, economic recovery was made possible by the monetary support of central banks and fiscal support of governments. When consumers who had either postponed or significantly cut back expenditures during the initial lockdowns, suddenly began spending again in 2021, the worldwide resurgence in demand was even faster than had been expected.

The upshot of this is that the world economy is expected to have grown by nearly 6% last year. Among developed countries, growth is projected to be 5% with both the US and UK in the lead. Thanks to strong growth in India and China, the developing-country growth rate is expected to be 6.5%. And yet, however remarkable world economic growth may seem at first sight, a number of striking imbalances appear when one gets into the details. In many less-developed countries without access to vaccines, growth rates lag behind the world average with the result that the income gap between country groups has grown wider. Although demand is on the rise across many fronts, growth in sectors such as tourism, travel, and services is hindered by the emergence of new COVID-19 variants. This inter-sectoral disparity has led to imbalanced growth in many countries. Another problem is that the disruption of production and distribution by stricter quarantining has led to severe delays in global supply and value chains. Many sectors such as automotives, white goods, and electronics were hit especially hard by supply-side bottlenecks in microchips and they still continue to suffer. With supply unable to keep pace with the rapid resurgence in demand once the initial shock of the pandemic had passed, there were sharp rises in commodity prices, especially during the second half of the year. These rises, which were particularly pronounced in energy and food prices, triggered worldwide inflation to a degree not witnessed for a long time.

Presuming the causes of higher inflation to be incidental, the US Federal Reserve and other developed-country monetary authorities continued to adhere to policies supporting efforts to mitigate the economic impact of the pandemic until around mid-2021. However, when signals were detected that inflation might become persistent, they began tightening their monetary policies. Even as it announced its own monetary expansion policy for example, the Fed also signaled it might have recourse to several interest rate hikes in 2022. The Bank of England for its part, announced a surprise interest rate hike, while the central banks of 50 developing countries also pushed up rates in their efforts to rein in inflation.

In 2021, our world also witnessed many significant developments on the geopolitical front. Having started out with such great hopes, US President Joe Biden lost much of his popular support in just the first year of his administration. In Germany after a successful tenure of sixteen years, center-right Angela Merkel turned the prime ministry over to social-democrat Olaf Scholz. Ongoing tensions in China-US relations were edged up slightly by withdrawal of the US from Afghanistan and its pivot towards the Asia-Pacific region. Lastly, the multidimensional problems Russia was having in its relations with the West demanded the utmost attention.

Looking at the Turkish economy in light of such global developments as these in 2021, two diametrically conflicting pictures emerge. An extremely vigorous Turkish economy grew by 11% in 2021. Strong domestic demand and all time high exports, enabled our country to recover faster from the effects of the pandemic than most others. Unable to generate sufficient added value through our exports however, the effect of all this was to trigger imports.

Notwithstanding the highly successful performance of Turkey's real sector in 2021, the scene in the country's financial markets and on the inflation front was not so very encouraging. As was the case nearly everywhere else in the world, inflation was on the rise here in Turkey as well. Adopting a stance unlike that of any of its peers however, the Central Bank of Turkey (CBRT) reduced its policy rate by 500 basis points between September and the end of the year.

As a result of these and various other actions that were taken, the Turkish lira rapidly depreciated against other currencies. In 2021 the value of the US dollar rose by 80% against the lira and bond-market interest rates surged as high as 24%, even as the CBRT policy rate was being lowered to 14%. Although their sense of panic was alleviated by a number of measures introduced late in the year, markets remained troubled as they embarked upon 2022.

Thanks to a healthy balance sheet, robust liquidity, FX-earning businesses, extensive supply-chain capabilities, and uninterrupted investments, the Koç Group for its part continued to create value for the whole country during what was a very challenging year. Of the approximately TL 53 billion (USD 8.9 billion) that our group has invested during the last five years, TL 17.3 billion (USD 1.9 billion) was booked in 2021. As we have taken every opportunity to make clear, we are confident in our country's future and we will resolutely continue with our investments.

Through our efforts in the areas of education, science, health, and culture & art, we also continue to support social wellbeing in a variety of ways. Thanks to the Vehbi Koç Foundation, which has completed half a century of service, we have been sharing the added value generated by our commercial success with our country and its people through various projects and investments.

Esteemed shareholders,

We are always aware of the role that the trust and support of our stakeholders plays in our success. We likewise know that our future success depends on their continued trust and support as well. I therefore take this occasion to extend my sincere thanks to all our shareholders, customers, dealers, suppliers, business partners, labor organizations, executives, and employees for their contributions.

Rahmi M. Koç
Honorary Chair

Chair's Statement

Whatever the circumstances, we will strive to do the best for our country and humanity by remaining faithful to the century-old corporate values, which we have inherited.

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

We leave behind another year in which we had to deal with the difficulties brought about by the COVID-19 pandemic. By 2022, enough vaccines will have been produced to inoculate the whole world. However, it is clear that the risk will continue with the emergence of new variants, as we observed at the end of the year, unless we can act in global solidarity to make sure that the countries with insufficient financial means have access to the vaccine. However, it is projected that the pandemic will be broadly brought under control in the second half of 2022 with the development of new treatments as well as vaccines. In any case, I believe that with widening inequalities between countries and social segments, we will enter an era of increasing political risks in the world in the wake of the pandemic.

In 2021, we witnessed concrete developments demonstrating a geopolitical shift of gravity from the Atlantic to the Pacific, with new alliances formed in this direction. The performance of the new Biden administration in the USA, signs of change in China's economic policies and the debate over the future of the European Union were among the key matters of 2021 that are to be followed in the upcoming years as well.

Despite the rapid recovery in the global economy as the pandemic has eased, we are faced with the reality of high inflation due to both supply and demand related factors. Major economies are expected to take fiscal and monetary measures in 2022, which may ramp up the risks for developing countries such as Turkey.

In a clearly positive development, our country's economy grew by 11% in 2021. However, the surge in inflation seen towards the end of the year will also stand out as a risk factor, which will require a momentous struggle in 2022.

Despite the myriad of uncertainties, the Koç Group leaves behind another year of most satisfactory financial results. All of our businesses exhibited a performance beyond their budgets. We have maintained our long-term strategic focus, while managing the risks and taking advantage of the opportunities by taking decisions in line with constantly changing conditions.

The purchase of our partner's shares in Yapı Kredi and the share buyback programs for Koç Holding and Arçelik were welcomed by the market. The partnership between Arçelik and Hitachi, which we announced in 2020, was completed in 2021, while Ford Otosan embarked on our country's largest electrification automotive investment during the year. Arçelik's acquisition of Whirlpool's company in Turkey and Entek's acquisition of the Süloğlu wind power plant were other important steps we took during the year.

As we rapidly take and implement operational and strategic decisions, which are reflected in our successful financial results, we benefit from the fruits of our hard work to establish a culture that embraces change. This year, we took an important step forward when we added carbon transition to the scope of our cultural transformation program, which is shaped by our digital transformation, agile management, zero-based budgeting, innovation and entrepreneurship projects. It is clear that this issue, which has become one of the most important agenda items of the global economy and politics, will shape our competitiveness in the near future. Our Carbon Transition Program will offer an ambitious and realistic perspective, which will prepare us for this future.

We are delighted to have been recognized as the most reputable brand of our country in 2021 as well. As I always emphasize, the most important element of our reputation is how our young people – who are our future – perceive us. The Koç Group will continue to go to the greatest lengths to be a "reliable stakeholder" which will feed their hopes and enable them to realize their ideals. Whatever the circumstances, we will strive to do the best for our country and humanity by remaining faithful to the century-old corporate values, which we have inherited.

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

Sincerely,

Ömer M. Koç
Chair of the Board of Directors

Board of Directors Report

Dear shareholders,

Welcome to Koç Holding's 58th General Assembly.

We hereby present Koç Holding's 2021 Annual Report for your evaluation. The first section of the report provides general information about Koç Holding, its strategies and operations in 2021, 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 2021 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[1].

Dear shareholders,

On behalf of Koç Holding's Board of Directors, I would now like to share our main assessments for 2021.

Economic Developments

The world economy outperformed the projections in 2021 and successfully overcame the majority of the economic hardships posed by the COVID-19 pandemic. The IMF estimations released in January indicate that the world economy achieved 5.9% growth in 2021. Despite this growth rate that outpaced the projections, the world economy was still below the pre-pandemic projected level, even if marginally, at the start of 2022. The main underlying reason is the unbalanced distribution of economic recovery across countries. While economically strong countries enabled economic recovery through both monetary and fiscal expansion, their means that gave them widespread access to vaccines allowed earlier lifting of economic restrictions. On the other hand, underdeveloped countries void of similar means experienced a much slower recovery after the pandemic.

The other important agenda item for the world economy in 2021 has been the increased commodity prices, particularly in energy and agricultural products, which resulted from the post-pandemic fast recuperation and supply-side issues that pressed harder at times, and in connection therewith, the inflation that reached levels that were long unseen. Assuming that the rise in inflation was of a temporary nature until later in 2021, central banks of developed countries led by the Fed changed their position in recent months, and considered terminating quantitative easing at first, followed by rate hike scenarios.

The Turkish economy displayed two diverse performances in 2021. Production and employment in the real sector increased throughout the year in connection with the strong domestic demand and the fast growth in exports. The services industry, particularly tourism, exhibited a powerful recovery with the almost normalized economic activity following the pandemic. With the effect of all these factors, growth was realized at 11% in 2021. Despite this rapid recuperation in economic activities, 2021 has been a tough year for Turkey with respect to inflation and financial market stability. The uptrend in inflation across the world made itself palpable throughout the year in Turkey, and Consumer Price Index increased by 36.1% at the end of 2021. The depreciation of the Turkish Lira played a significant part in this development, as well as the strong domestic demand and soared commodity prices. In the second half of 2021 that saw the rise in inflation the volatility in the markets further increased by the CBRT's cutting the policy rate by a total of 500 basis points to 14% in December. Although the financial markets partially calmed down with certain measures adopted in the last days of the year, it is observed that the risk perception towards Turkey is still high.

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

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 2021, Koç Holding and our publicly traded companies at Borsa İstanbul 100 index (BIST 100) accounted for 21% of the total market capitalization of the companies listed on BIST 100.

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

Koç Holding adds value to its Group companies with the confidence and high 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 maintained its strong financial position in 2021 thanks to its diversified portfolio structure, strong liquidity and effective risk management.

In 2021, Koç Holding's combined revenues reached to TL 544.3 billion[1]. In the same period, its combined operating profit[2] increased by 143% to TL 53.8 billion, while its net consolidated profit[3] stood at TL 15.2 billion indicating an increase of 64%.

Expanding our global presence, creating strong brands, generating ever more value for our customers and improving our human resources continued to shape our investments. The Koç Group's total combined investments reached TL 53 billion over the last 5 years including TL 17.3 billion investments in 2021. The highest amount of investments was made in the automotive sector, followed by the energy and consumer durables sectors.

R&D, innovation, technology and digital transformation remained among our main focus areas. Investing nearly TL 3.3 billion in R&D in 2021, the Koç Group accounted for approximately 7% of the total private sector R&D investments undertaken in Turkey[4].

The Koç Group's international revenues stood at USD 19 billion, supported in particular by our automotive and consumer durables companies, contributing 32% to the Group's total combined revenues. Foreign currency and foreign currency linked revenues, including Tüpraş, made up around 53% 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 TL 16.1 billion, while their consolidated net profit increased by 275% annually to TL 1.7 billion.

Tüpraş continued to fulfill our country's need for petroleum products, while leading its sector with its innovative practices, which it has put forward with the vision of being a pioneering company that is respectful of environment and life values, and whose performance is admired.

The company recorded an 88% capacity utilization rate with a total charge of 26.3 million tonnes, including crude oil and semi-finished products, and produced 25.1 million tonnes of products in 2021. While meeting most of the country's demand with 21.7 million tonnes of domestic sales in conjunction with the recovery in demand, a total of 27.6 million tonnes of sales volume was achieved including international sales.

The pioneer of energy in Turkey, Tüpraş announced its "Strategic Transformation Plan" on 24 November 2021, in alignment with the Carbon Transition Program launched by Koç Holding. Having espoused the mission of leading the transition of the energy sector in our country, the company announced the investments planned for the initial phase covering the years 2022-2035 within the scope of the "Strategic Transformation Plan". In this context, the company will be investing in energy efficiency and decarbonization projects, production of biofuels with a special focus on sustainable aviation fuel, generation of zero-carbon electricity principally through wind and solar power, and production of green hydrogen. At the same time, it targets to become a carbon neutral energy company with a well-balanced and diversified clean energy portfolio by reducing its emissions. In this transformation journey, the company will be managing its existing assets with a sustainable and growth-oriented approach.

Aygaz sold over 2.2 million tonnes of LPG in 2021. Maintaining its leadership in the sector in LPG, with more than 1,700 licensed autogas stations, the Company maintained its leading position in autogas segment as well.

(1) Koç Holding's total net consolidated revenues amounted to TL 346.7 billion as a result of the deduction of TL 14.9 billion, due to the elimination and other adjustments made for consolidation purposes pursuant to international accounting standards, and of TL 182.7 billion, due to valuation of joint ventures at equity basis, made from Koç Holding's combined revenues for 2021.
(2) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables
(3) Net profit/loss attributable to the equity holders of the parent.
(4) Based on TurkStat "Gross Domestic Expenditure on R&D by Sectors and by Funding Source" 2020 data

Board of Directors Report

Established in Bangladesh as a joint venture of United Enterprises, one of the country's largest companies to supply, fill and distribute LPG, and Aygaz, within the frame of Aygaz's international growth strategy, United LPG Ltd. started investments in 2021. In addition, the operations of Aykargo Cargo Distribution Project, which emerged as an intrapreneurship project, were commenced under the name Aygaz Aykargo Dağıtım Hizmetleri A.Ş. making use of Aygaz's brand equity, dealer network and home delivery experience. The company name was changed to Sendeo Dağıtım Hizmetleri A.Ş. (Sendeo) in 2021.

Opet maintained its position as the number two player in white and black products. 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".

Aiming to grow in the field of renewable energy and to diversify its portfolio currently composed mostly of hydroelectric sources, **Entek** acquired its first wind power plant with the investment made in 2021 in Süloğlu Wind Power Plant located in Edirne.

Automotive

Through its automotive companies, the Koç Group accounted for 45% of Turkey's total automotive production and 43% of its automotive exports. TürkTraktör realized 88% of Turkey's total tractor exports and 67% of total production in Turkey, while preserving its leading position in the domestic market for the 15th consecutive year.

The combined operating profit[1] of our automotive companies surged by 82% annually to reach TL 18.2 billion and their consolidated net profit reached TL 7.0 billion, indicating an increase of 94%.

Ford Otosan strengthened its leadership position in the domestic market in 2021 with its profitable growth strategy in commercial vehicles. Ford Otosan, which realizes 77% of Turkey's commercial vehicle exports, became Turkey's leading exporter for the sixth consecutive year. The Ford brand's leadership in the European commercial vehicle market continued throughout 2021. Ford Otosan has played an important role in this success, producing 74% of the vehicles in the Transit range sold in Europe.

Under the "Manufacturing and Supply Agreements" executed with Ford Motor Company, **Ford Otosan** will commence the manufacturing of the diesel, plug-in hybrid electric and all-electric variants of the "New Generation Ford Transit Custom" family, a one-tonne van, at its Kocaeli Plants from the first half of 2023. In addition, under the strategic alliance of Ford Motor Company and Volkswagen AG, Volkswagen AG's new-generation one-tonne commercial vehicle will also be manufactured by Ford Otosan. In this context, Ford Otosan will invest EUR 1,390 million over the course of the next 5 years.

Despite the challenging conditions of 2021, **Tofaş** retained its leadership in the Turkish market. Egea Sedan remained as the most popular vehicle in Turkey, in a repeat of the rankings of the preceding five years. The latest addition to the family, Egea Cross has been the second most popular model within the Egea line.

Tofaş is also the only primary manufacturer offering a true connectivity service in Turkey with "Fiat Yol Arkadaşım Connect", which provides drivers and fleet managers with life-easing safety and health features.

TürkTraktör began offering to the domestic market tractors with less CO_2 emissions enabled by high-performance engines having Tier 3B and Tier 4 emission levels. The company exports tractors aligned with Tier 4 and Tier 5 emission standards guidelines. In addition, as a result of new product development efforts, the company introduced the New Holland T3F series for exports and the New Holland T3B series for the domestic market in the garden segment. Having started production of domestic backhoes at its Ankara Plant at the onset of 2020, TürkTraktör offers its customers a broad array of construction machinery from different segments.

In 2021, TürkTraktör collaborated with Trimble, the world's leader brand in precision agricultural technologies. Having become the Turkey sales distributor of the brand which is widely used worldwide in regions where agriculture is managed professionally, TürkTraktör keeps supporting the digital transformation targeted for the Turkish agriculture with this partnership with Trimble.

Otokar expanded its defense industry product range with the diesel versions of its mine-resistant vehicles in the reporting period. The company received new

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

military vehicle orders, mainly from the African continent. Otokar signed a teaming agreement with Europe's leading company Milrem Robotics for autonomy development and application for unmanned and robotic operations of military vehicles, taking one more step toward generating the unmanned ground vehicles segment.

Otokar has been the most popular bus brand in Turkey, and captured market leadership for the 13th consecutive year in 2021. Furthermore, based on the contracts earned, Otokar buses have been the choice of Turkey's three largest cities. The company received various bus orders from abroad led by the European countries.

In 2021, **Otokoç Otomotiv** maintained its leadership among the corporate brands in second-hand vehicles. The largest licensee of the Avis Budget Group in the world, the company remained the leader of the car rental market in Turkey. With the contribution of the services rendered in 8 foreign countries, the share of international operations accounted for 32% of the EBITDA.

Consumer Durables

Arçelik, the Koç Group's leading company in the consumer durables segment, maintained its domestic leadership in the Turkish white goods market. It has maintained its number 2 position in the overall white goods market in the European region, including Turkey, with its global brand Beko, and its market leadership with its brands Arctic in Romania and Defy in South Africa. Arçelik-LG, meanwhile, is the leader in the Turkish air conditioning market.

The combined operating profit[1] of our consumer durables companies increased by 17% to TL 5.1 billion while consolidated net profit rose by 17% to TL 1.3 billion.

Arçelik sustained its growth by enlarging its global sphere of influence through new investments even during the pandemic.

The company incorporated Arçelik Hitachi Home Appliances, a joint venture with the Japan-based Hitachi Global Life Solutions. The new company, in which Arçelik holds 60% stake, owns 11 companies in total, two of them manufacturing and nine of them sales companies. Arçelik also purchased the US-based white goods producer Whirlpool's refrigerator and washing machine production plants in Manisa. The company's investments in 2021 amounted to EUR 220 million of which EUR 180 million is invested in Turkey. Furthermore, Arçelik's acquisitions in the reporting period were worth EUR 370 million.

Considering sustainability a part of its business model, Arçelik continued to act as a global model and pioneer with its initiatives in this area in 2021. Offering energy-efficient products to consumers on the back of the projects realized with its sustainability approach, Arçelik has pledged to relentlessly carry on with its efforts in this field. Continuing to work towards reducing emissions, the company also authored pioneering steps in sustainable finance in Turkey.

While maintaining its leadership in the domestic air conditioning market, **Arçelik-LG** exported approximately 48% of the air conditioning units it produced.

Bilkom maintained its strong position in the electronics retail industry. As of the end of 2021, one in every five smartphones and tablets sold in the electronics retail stores, and one in every four smart watches sold all over Turkey were Bilkom products.

Finance

Yapı Kredi, the Koç Group's flagship company in finance, is the 3rd largest private bank with TL 781 billion of total assets. The Bank maintains its 33-year leadership position in credit cards among all banks.

The combined operating profit of our finance segment increased by 115% annually to TL 13.5 billion while the consolidated net profit rose by 123% to TL 4.6 billion.

Yapı Kredi continued to diversify its funding sources and obtained USD 3.3 billion through products such as syndication, securitization and bond issuances. The bank secured two sustainability-linked funds; the first one was obtained for the amount of USD 962 million with the participation of 42 institutions from 20 countries in May and the second one was obtained for the amount USD 822 million with the participation of 38 institutions from 19 countries in October. Yapı Kredi also realized a sustainability-linked repo transaction with the Bank of America, one of the world's leading banks. The EUR 225 million successful deal entails performance criteria urging the Bank to improve its GHG emission levels.

Koçfinans kept offering integrated financial solutions focused on perfect experience. At the end of 2021, the Company's portfolio stood at TL 4.5 billion with 45,171 customers and TL 4.9 billion in assets.

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[1] of our other sectors increased by 61% annually to TL 878 million, while its consolidated net profit was TL 602 million.

Operating in the food sector, **Tat Gıda** increased its total annual tomato paste production capacity from 71,000 thousand tonnes to 85,000 tonnes, and pickled gherkin production capacity from 5,000 tonnes to 22,000 tonnes with capacity increase investments in 2021.

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

Board of Directors Report

A major player in the Iraqi, Japanese and German markets with its products, Tat Gıda exported branded products to 40 countries spanning a large geography from Japan to the USA.

Düzey kept working towards becoming the top distribution platform for fast moving consumer goods in Turkey.

Koçtaş, which is engaged in home improvement (DIY) retailing, preserved and further strengthened its leadership in the home improvement sector, and became the company with the highest number of stores in the sector.

Setur sustained its growth in domestic tourism and organized the hotel accommodations of 98,000 individual and 254,000 corporate customers. In the international market, the company organized hotel accommodations for approximately 4,000 customers and handled 3,710 visa applications.

One of the few marina chains in marina management in the Mediterranean basin, **Setur Marinas** retained its leadership in Turkey with 10 marinas in total.

Divan Group opened a new hotel in Çankaya, Ankara, and totally renovated its hotel in Bodrum in 2021. Furthermore, the construction project of Divan Kuruçeşme with a capacity to host more than 2,000 guests reached the final stage.

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

Our IT company, **KoçSistem** expanded its customer portfolio by more than 130 new companies in 2021. **KoçDigital**, a 100% affiliate of KoçSistem, has seen nearly 150 students graduate from the KoçDigital Academy, which it established with the mission of raising human resources specialized in the field of analytics.

İnventram kept creating a difference in its sector with its 'new generation technology investment company' vision, providing financial management, marketing, business development and sales support to startups.

Token Financial Technologies sustained its leadership in the cash register POS devices market in Turkey also in 2021, and the number of cash register POS devices sold under Beko brand name exceeded 700,000 as of 2021. The company entered the Turkish meal card market, which is still a low penetrated market, with its TokenFlex brand that works on a digital and flexible infrastructure.

Employment and Relations with Trade Unions

The total number of employees working in Koç Holding, its subsidiaries and business partnerships stood at 105,908 as of the end of 2021. The consumer durables sector accounted for the highest level of employment, with a 40% share in the total. It was followed by the automotive and finance sectors, which accounted for 27% and 16% of the total number of employees, respectively.

Collective bargaining agreements were signed in five of our companies during 2021 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 2022. 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[1]

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 2021 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, 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 178.

Consolidated Balance Sheet

(TL thousand)	2020	2021
Total Currents Assets	341,574,474	**605,974,596**
Total Non-Currents Assets	288,526,070	**414,578,711**
Total Assets	630,100,544	**1,020,553,307**
Total Short Term Liabilities	414,492,964	**709,676,931**
Total Long Term Liabilities	127,536,528	**189,771,314**
Total Liabilities	542,029,492	**899,448,245**
Total Equity	88,071,052	**121,105,062**
Total Liabilities & Equity	630,100,544	**1,020,553,307**

Consolidated Income Statement

(TL thousand)	2020	2021
Total Revenue	183,777,276	**346,688,702**
Total Costs	-139,446,382	**-266,624,833**
Gross Profit	44,330,894	**80,063,869**
Operating Profit	16,831,917	**34,674,985**
Profit Before Tax	13,839,802	**29,128,716**
Tax İncome / (Expense)	-1,206,505	**-2,943,944**
Profit for the Period	12,633,297	**26,184,772**
Equity Holders of the Parent	9,272,570	**15,192,711**
Earnings Per Share (Kr)	3.657	**5.992**

2021 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 166-169.*
- *For information about the BoD and executive management members' transactions on behalf of themselves or someone else within the framework of the permission granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 14 in the Informative Document on page 300.*
- *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 2021 is available in note 31 of the financial tables (see page 267).*

Levent Çakıroğlu
Member & CEO

Jacques A. Nasser
Member

Anne Lauvergeon
Independent Member

Emily K. Rafferty
Independent Member

Dr. Cem M. Kozlu
Independent Member

Peter Martyr
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 2021 prepared by Koç Holding A.Ş. management in compliance with Turkish Financial Reporting Standards (TFRS) under Capital Markets Board regulations and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the statutory records; we are submitting the following decisions to the approval of the Shareholders General Assembly:

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

The net profit attributable to equity holders of the parent achieved in the consolidated financial statements amounting to TL 15,192,711,000.00 is determined as the distributable dividend base and TL 15,199,060,833.00 is determined as first category dividend base after addition of donations made amounting to TL 6,349,833.00 to distributable dividend base. Meanwhile, the distributable profit in the statutory financial statements amounts to TL 3,814,078,343.58.

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

- TL 759,953,041.65 as first category dividend to shareholders,
- TL 12,500,000.00 to Koç Holding Pension and Assistance Foundation as per article 19/c of our Articles of Association
- TL 451,977,482.93 to holders of usufruct certificates as per article 19/d of our Articles of Association,
- TL 1,527,426,999.45 as second category dividend to shareholders,

iii. The sum of first category dividend and second category dividend amounting to TL 2,287,380,041.10 is proposed to be paid in cash;

iv. Dividend payments of TL 2,287,380,041.10, TL 451,977,482.93 payment allocated to usufruct shareholders and TL 12,500,000.00 payment allocated to the Koç Holding Foundation for Pensions and Assistance, amounting to a total of TL 2,751,857,524.03 will be paid in cash and sourced from current year taxable earnings in both TFRS and statutory financial statements.

v. It is further resolved that the dividend will be distributed in cash to the resident entity taxpayer shareholders and non-resident taxpayer shareholders obtaining dividend income through an office or a permanent representative in Turkey as (gross =net) TL 0.9020 for shares with a nominal value of TL 1 (90.20%) and, to the rest of our shareholders as gross TL 0.9020 (TL 08110 net) for shares with a nominal value of TL 1 (gross: 90.20%; net: 81.10%).

vi. The remaining which is left after payments of dividend to shareholders and allocations for usufruct certificate holders and Koç Holding Foundation for Pensions and Assistance, amounting to TL 1,062,220,819.55 in the statutory records and TL 12,440,853,475.97 in TFRS financial statements, is transferred to retained earnings.

vii. Profit distribution date is determined as 7 April 2022.

Dividend Distribution Table

Koç Holding A.Ş. Profit Distribution Proposal for 2021 (TL)

1.	Paid-in capital		2,535,898,050.00
2.	General legal reserves (as per statutory records)		507,179,610.00

Information concerning preferred shares, if, as per the company Articles of Association, there are any privileges for preferred shares in distribution of dividend: No

		As per Capital Markets Board	As per Statutory Records
3.	Profit for the period	29,128,716,000.00	3,845,544,489.97
4.	Taxes (-)	2,943,944,000.00	31,466,146.39
5.	**Net profit (=)**	**15,192,711,000.00**	**3,814,078,343.58**
6.	Prior years' losses (-)	-	-
7.	Legal reserve fund (-)	-	-
8.	**NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)**	**15,192,711,000.00**	**3,814,078,343.58**
	Dividend Advance Distributed (-)	-	-
	Dividend Advance Less Net Distributable Current Period Profit	15,192,711,000.00	3,814,078,343.58
9.	Grants made during the year (+)	6,349,833.00	-
10.	**Net distributable profit including grants**	**15,199,060,833.00**	**3,814,078,343.58**
11.	**First category dividend to shareholders**		
	- Cash	759,953,041.65	126,794,902.50
	- Shares	-	-
	- Total	**759,953,041.65**	**126,794,902.50**
12.	Dividends distributed to preferred shareholders	-	-
13.	**Other dividends distributed**	**12,500,000.00**	**12,500,000.00**
	- Members of the Board of Directors	-	-
	- Employees (Koç Holding Pension and Assistance Foundation)	12,500,000.00	12,500,000.00
	- Non-shareholders	-	-
14.	**Dividends distributed to holders of usufruct right certificates**	**451,977,482.93**	**451,977,482.93**
15.	**Second category dividend to shareholders**	**1,527,426,999.45**	**2,160,585,138.60**
16.	Legal reserve fund	-	-
17.	Status reserves	-	-
18.	Special reserves	-	-
19.	**EXTRAORDINARY RESERVES**	**12,440,853,475.97**	**1,062,220,819.55**
20.	Other sources planned for distribution	-	-
	- Prior years' income	-	-
	- Extraordinary reserves	-	-
	- Other distributable reserves as per the legislation and Articles of Association	-	-

Koç Holding A.Ş. Information on Dividend per Share for 2021

	GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE FOR TL 1 NOMINAL VALUE	
		CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	SHARE (%)
	A	612,253,626.91	0.00	4.03	0.9020	90.2000
NET	B	1,549,428,888.10	0.00	10.20	0.8118	81.1800
	TOTAL	**2,161,682,515.01**	**0.00**	**14.23**		

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.

2022 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

Emily K. Rafferty (Independent)

Dr. Cem M. Kozlu (Independent)

Peter Martyr (Independent)

Michel Ray de Carvalho (Independent)

For Michel Ray de Carvalho's CV, see page 301, for other CVs see pages 166-169.

Remuneration Policy

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

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

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

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

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

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

Pro rata payment is made to the Board Members by taking into account their tenure between the date of appointment and the date of resignation. Expenses incurred by Board Members while making contributions to the Company (e.g. transportation, telephone, insurance) can be paid by the Company.

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

Fixed salaries of executives are determined in accordance with international standards and legal obligations by taking into account the prevailing macroeconomic data in the market, sector-wide salary policies, the size and long-term targets of the Company and the position of the person.

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

Bonus Base: Bonus bases are updated at the beginning of each year and vary depending on the workload of each executive position. When updating the bonus bases, senior management bonus policies in the market are taken into account.

Company Performance: The performance of the Company is determined at the end of the year by measuring financial and operational targets (i.e. market share, exports, overseas operations, productivity) assigned to the Company at the beginning of each year. In determination of the Company's targets, the sustainability of success and the degree to which it incorporates improvement over previous years are the principles taken into account.

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

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

Total amounts determined by the above principles and paid to Board members and key executives during the year are submitted for shareholder approval at the next General Assembly.

(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 2021 is available in note 31 of the financial tables (see page 267).

CEO's Letter

We have concluded the year with an outstanding financial performance despite all the challenges, thanks to the structure of our portfolio, our prudent financial management and our sound business strategy.

The pandemic, which placed the whole world under captivity in 2020, remained a key risk factor constraining our individual and professional lives throughout 2021. Unfortunately, with the emergence of new variants of the pandemic at the end of the year, it appears that there will be no return to the old normal until the middle of 2022.

Although the global economy recovered more swiftly than expected after the great shock at the beginning of the pandemic, it still lagged behind its pre-pandemic projections, as of the end of 2021. Moreover, significant discrepancies have started to emerge in growth dynamics between countries and sectors. It will take some time for the economies of underdeveloped countries, which have struggled to obtain sufficient doses of the vaccines and which lack the financial means to support their economies, to return to their pre-pandemic levels. Many service sectors, especially tourism and travel, which had been dealt a grievous blow by the pandemic, have still not fully recovered.

Bottlenecks in the availability of critical raw materials and logistics networks put supply chains under significant strain in 2021. There were also sharp increases in commodity prices throughout the year. Due to these imbalances between supply and demand in a surging global economy, inflation rates climbed to levels not seen for many years around the world.

Due to the concerns that the high rates of inflation may remain with us for longer than expected, developed countries tended to wind down their fiscal and monetary support programs, which had led economies to overheat, earlier than they had initially planned. The Fed is expected to hike interest rates in 2022 starting from March.

Against this global backdrop, Turkey's economy grew by 11% in 2021. However, with the depreciation of the Turkish lira, the rate of inflation surged beyond projections especially towards the end of the year, with the consumer confidence index plummeting to historical lows. Towards the end of the year, we observed some measures being taken to strengthen the Turkish lira again.

Given the uncertainties in the global and national economy, in 2022 we will be keeping a spotlight on the key risks, as well as the opportunities which will undoubtedly accompany these risks.

We are delighted to have concluded the year with an outstanding financial performance which exceeded our budgets in all businesses, despite all the challenges, thanks to the structure of our portfolio, our prudent financial management and our sound business strategy.

In 2021, our consolidated revenue increased by 89% to reach TL 346.7 billion, while our net profit attributable to the equity holders of the parent share reached to TL 15.2 billion indicating 64% increase. Our combined international revenue stood at USD 19 billion. We increased our profit before tax to TL 29.1 billion, recording an increase of 110% compared to the previous year.

We boosted the total volume of our investments over the last 5 years to TL 53 billion, undertaking TL 17.3 billion in combined investment in 2021, even in an environment of uncertainty. In line with our global growth vision, we also press forward with our foreign investment activities.

The strength we derive from our century-old established corporate values as well as our modern competencies, which we have developed through the transformation programs we faithfully implement have played a major role in the performance of the Koç Group, which has been successfully tested against significant adversities, especially in the last two years. We are held up as an example to our stakeholders on domestic and international platforms with our programs, which are future-oriented and involve a multidimensional cultural change, including the digital transformation, innovation, in-house entrepreneurship, agile management and zero-based budgeting.

As the Koç Group, we have been acting with an approach, which seeks to take care of the world and society, since our foundation. During the year, we shared our Carbon Transition Program with the public, which will enable us to achieve our goal of "being carbon neutral by 2050". Under this program, we will carry out sustainability issues, which have long been a part of our companies' strategies, in a more systematic framework, and will step up our Group's transition to a low carbon economy. By joining the companies which support the "Task Force on Climate-Related Financial Disclosures (TCFD)" to guide us on this journey, we announced that we would take the global framework determined by the TCFD as a basis. This year, we also became the first company in Turkey to commit to incorporate the Stakeholder Capitalism Metrics in its corporate reporting so we could share our sustainability performance with our stakeholders transparently. In line with our social development approach, we became one of the global leaders of the Technology and Innovation Action Group in 2021, along with various government and private sector representatives at the United Nations Women Generation Equality Forum, where we announced our commitment to be a pioneer of change.

Our human capital, which is a source of tremendous pride for our group, is the subject of our cultural transformation journey. We expand the agile management approach in all of our companies with comprehensive programs and improve internal dialogue mechanisms. Our strategic workforce transformation efforts also gained momentum in 2021. For a fifth year, we retained our position as Turkey's number 1 in the "World's Best Employers" survey list published by the Forbes Magazine in 2021. Koç Holding was named as the world's 165th best employer, rising 124 places compared to the previous year.

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

I would like to take this opportunity to express my sincere thanks to our shareholders, customers, dealers, suppliers, unions and colleagues, who have always given us strength with their support in all of our achievements.

Respectfully,

Levent Çakıroğlu
CEO

Executive Management

Levent Çakıroğlu
CEO

Ahmet Ashaboğlu
CFO

Yağız Eyüboğlu
President, Energy Group

Tamer Haşimoğlu
President, Tourism, Food and Retailing Group

Özgür Burak Akkol
President, Human Resources and Industrial Relations

Kemal Uzun
President, Audit Group

- *Upon the retirement of Mr. Ahmet Ashaboğlu, Mr. Cenk Çimen, Mr. İbrahim Tamer Haşimoğlu and Ms. Oya Ünlü Kızıl effective as of 1 April 2022; Board of Directors of Koç Holding resolved to appoint Mr. Polat Şen as CFO, Mr. Özgür Burak Akkol as Tourism, Food and Retailing Group President and Mr. Umut Günal as Human Resources Director effective as of the same date.*
- *For the CVs, see pages 170-172.*
- *For information about the executive management members' transactions on their own or others' behalf within the framework of the authorization granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 14 in the Information Document on page 300.*
- *- The key management of Koç Holding is identified as the Chair and members of the Board of Directors as well as the CEO and the Presidents. Information on total key management's compensation in 2021 is available in note 31 of the financial tables (see page 267).*

Cenk Çimen
President, Automotive Group

Dr. Fatih Kemal Ebiçlioğlu
President, Consumer Durables Group

Gökhan Erün
President, Banking Group

Kenan Yılmaz
Chief Legal and Compliance Officer

Oya Ünlü Kızıl
Corporate Communications and External Affairs Director

Ufuk Çıplak
Director of Public Affairs

Melih Poyraz
Strategy and Business Development Director

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-Elmadağ
- 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 Tempra model for the whole world.

2000s

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

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

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

2010s

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

2021 Awards and Achievements

One of the World's Top 500 Companies

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

In the League of the World's Best Employers

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

In the World R&D Expenditures List

Koç Holding, Ford Otosan, Arçelik and Tofaş were included in the 2020 list of the "World's top 2,500 companies by R&D spending" by Industrial R&D scoreboard, which is prepared by the European Commission.

Export Champions

Four Koç Group companies were included in the list of Turkey's top 10 exporters at the "Export Champions Award Ceremony" organized by the Turkey Exporters Assembly with Ford Otosan ranked 1st, Arçelik 6th, Tofaş 8th and Tüpraş 9th.

Among Turkey's 10 Largest Industrial Enterprises

In the "Top 500 Industrial Organizations" survey prepared according to 2020 financial results by the İstanbul Chamber of Industry, four of Turkey's largest industrial enterprises were Koç Group companies, including Tüpraş (1st), Ford Otosan (2nd), Arçelik (7th) and Tofaş (8th).

Most Admired Company

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

Most Reputable Company

Koç Holding was named Turkey's most reputable brand and also ranked 1st in the "Holdings" category in the "Turkey Reputation Index 2020" survey conducted by Turkey Reputation Academy with a sampling of 12,000 respondents from 50 sectors and academically audited by Yıldız Technical University and Bursa Technical University.

Holding the Highest Number of Awards in the Best Employers Survey

20 of the 24 companies awarded from amongst 350 companies from 40 different sectors in the "Turkey's Best Employers" survey conducted by Kincentric are Koç Group companies.

Setting an Example to the World in Tackling COVID-19

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

Global Lighthouse Network

Welcomed to the Global Lighthouse Network that covers best actors worldwide in terms of the Industry 4.0 efforts as selected by the World Economic Forum, Arçelik's Refrigerator Factory in Eskişehir was named a Global Lighthouse and joined within the ranks of the world's most advanced manufacturing sites after Arçelik's Washing Machine Factory in Romania and Ford Otosan's Factory in Kocaeli.

The Company with the Strongest Corporate Culture in Turkey

Koç Holding was ranked 1st also this year in the “Corporate Culture 100 Survey” listing the companies with the strongest corporate culture in Turkey, on the basis of numerous criteria including diversity, teamwork, transparency, respect, execution, social company approach, and pandemic adaptation that was added this year.

Most Admired Employer

Koç Holding was named 1st once again in “Turkey’s Most Attractive Employers 2021” survey conducted by Universum and participated by 71, 000 university students from 59 educational institutions and 25,000 professionals. The entrants are voted by professionals graduated from, and students attending, economic and administrative sciences, social sciences, education and law faculties.

The New Performance System and Transformation Story Featured in the Harvard Business Review

The case study on the purpose, design process, and success of Koç Diyalog, the new generation performance system, and its contributions to the cultural transformation at the Koç Group was published as an article in Harvard Business Review Turkey.

2 Awards for the Human Resources Projects

At the “Joint Future: Possible Together” award program organized by the Turkish Confederation of Employer Associations (TİSK), Koç Holding earned the “Possible Together” award with its project co-launched with Udacity with the target of training the employees in future competencies and the “Business, Business Culture and Workforce Transformation Award” with Koç Diyalog, its performance system.

Startup Friendly Company

Koç Holding, which supports entrepreneurs with the Koç Innovation Program and invests in initiatives in a range of areas involving technology and innovation with Inventram, won the 3rd prize in the “Startup Friendly Company” category in the Corporate & Startup Day. Group companies Arçelik, Otokoç Otomotiv and Tofaş also received awards.

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.

Strategic Communication Awards

At the PRİDA Communication Awards 2021 organized by the Communication Consultancies Association of Turkey (İDA), Koç Holding was awarded gold in three categories, namely “Topic and Agenda Management”, “Communication by Leader/Spokesperson”, and “Most Successful Strategic Communication”.

Social Responsibility Awards

Projects of the Koç Group companies were recognized with various awards at the “Joint Future: Possible Together” event, Turkey’s first social responsibility recognition program for the fight against COVID-19, organized by the Turkish Confederation of Employer Associations (TİSK). With its 100 Women Dealers Projects, Beko earned the “Change Makers for Women” award in the “Diversity and Inclusion” category. Tofaş, on the other hand, received the “Occupational Health and Safety Special Award” with its OHS Trainings Safely Shaping the Future Project.

November 10th Commemoration - We Will Heal Communication Awards

With its November 10th Commemoration Communication, Koç Holding was honored with the “Felis Award” in the “Mastery in Production–Best Actor” category, and “Felis Achievement Award” in the “Mastery in Production-Director”, “Mastery in Production-Production Design” and “Mastery in Production-Director of Cinematography” categories at the Felis Awards. November 10th communication campaign was also recognized with the “Silver Prize” in the “Special Day Campaign” category at the Social Media Awards, and “Crystal Apple” in the “Film/TV/Cinema–Special Day Communication” category at the Crystal Apple Creativity Festival. “We Will Heal” film put on the air during the pandemic, on the other hand, claimed the “Golden Effie” in the “Corporate Reputation” category at the Effie Awards.

Sustainable Development Goals Best Practices

Co-conducted by Koç Holding, UNDP and Koç University Entrepreneurship Research Center (KWORKS) and providing an inclusive and innovative method in the digital transformation journeys of civil society organizations, BOOST Civil Society Technology Acceleration Program has been named among “SDG Good Practices” and one of the global exemplary projects selected by the UN Department of Economic and Social Affairs (UN DESA).

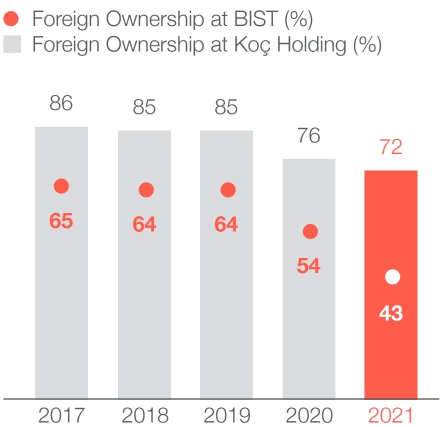
Shareholder and Investor Relations

The Koç Group: The most valuable in Borsa İstanbul

TL 72 billion

Koç Holding's market capitalization at the end of 2021

Foreign Ownership in Free Float[1]



Koç Holding's majority shares are owned by the Koç Family and companies owned by Koç Family members, while 26% of its shares are publicly listed[2]. There are 11 publicly listed companies within the Koç Group. With listed companies accounting for approximately 85% of its net asset value, Koç Holding has a very transparent structure. As of the end of 2021, the total market value of Koç Holding and the Koç Group companies constituted 21% of the total market capitalization of Borsa İstanbul 100 Index (BIST 100 Index).

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

The investor relations department works with the priority of establishing long-term relationships with investors and providing accurate and up-to-date information. In this context, a total of 17 roadshows and conferences were held in 2021, either physically or online, to reach investors resident both in Turkey and abroad with the participation of senior managers, and meetings with around 400 current and potential investors were held. Meanwhile, website, presentations and all other communication tools were regularly updated and shared with investors. Financial results are disclosed to investors through webcasts four times a year, and subsequently, their audio recordings and transcripts are posted on the website.

In July 2021, the Company initiated a share buyback program for the first time, in order to contribute to the fair valuation of Koç Holding shares, as the current net asset value discount and the current market price of Koç Holding shares traded at Borsa İstanbul is deemed ineffective in reflecting the true value and fundamentals of Koç Holding. Accordingly, shares with a nominal value of TL 890,475 were bought back as of 31 December 2021.

At the end of 2021, Koç Holding's market capitalization stood at TL 72 billion. Average foreign ownership ratio in the floating shares of Koç Holding was 72% in 2021 compared to 43% for BIST.

Why Koç Holding?

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

(1) Based on annual average data from Yapı Kredi Invest
(2) For details of shareholder structure, refer to page 153.

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 2021, there were 105,908 people working in the Koç Group, including 84,275 in Turkey and 21,633 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

The performance management system in place across the Koç Group serves to communication of Company strategies and objectives to the entire organization.

During 2021, "Koç Diyalog" was rolled out across the entire Group. During 2021, "Koç Diyalog", which is a performance management system focused on increased dialogue and development, was rolled out across the entire Group.

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

For the adoption of the methodology associated with the new performance system, a specific "Koç Diyalogları" training program has been designed for the Koç Group by Emeritus, Columbia Business School and Neuro Leadership Institute, three of the world's leading institutions. As of 2021, 26 thousand employees attended the program.

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 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 were offered the chance to hold online contacts with specialists from various disciplines during the pandemic.

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

Human Resources

Agile Transformation

Agile transformation initiatives at the Koç Group are carried on for the purposes of competency building, accelerating cultural transformation and creating an "agile ecosystem" encompassing all stakeholders. As of 2021 year end, more than 5,000 people across the Koç Group are working with agile methods.

In line with agile transformation goals, Koç Agile Academy was launched, offering more than 30 training programs with over 20 global partners, which include Harvard Business School, MIT, Scruminc and Business Agility Institute, among other prestigious institutions. Designed to address a diverse set of needs, Koç Agile Academy offers programs focusing on leadership, as well as technical programs intended for agile roles. In its first year, more than 5,000 participants benefited from Koç Agile Academy programs.

Furthermore, transformation efforts of Group companies are monitored and supported via different mechanisms. Agile maturity assessments are used in order to determine cultural and organizational improvement areas in Group companies undergoing agile transformation.
Impact of agile transformation efforts on business results, customer and employee experience is monitored through common metrics across the Group.

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 "Assessment Center". This enables an effective succession plan for top executive positions and proactively develops candidates for these positions via training-development programs and job rotation opportunities.

Koç Leadership Programs - LEAD

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

The scope of LEAD also covers programs for strengthening the transformational leadership of executives at the Koç Group in various areas including new digital trends, data analytics, design thinking and agile. A total of 190 executives participated in the "Personal Development Program (PDP)" developed in collaboration with the Harvard Business School (HBS), McKinsey and Aberkyn.

By the end of 2021, a total of 3,190 employees had participated in the programs of Columbia Business School, MIT Sloan, University of Oxford, London School of Economics, University of Cambridge and UC Berkeley, as well as the online programs offered by HBS Online and Udacity.

KoçAkademi

KoçAkademi, a development planning and learning platform, is a video training platform exclusively for Koç employees and their families, offering more than 14,000 education contents encompassing a broad array of topics from information technologies to personal development and healthy living to family and hobbies. The platform has a user-friendly interface and can be accessed from mobile phones, tablet PCs and computers. The Platform features various capabilities, including a flexible search function that helps users find the content they are searching more easily, taking notes while following the training, recording the training for watching it later, and sharing the content on various media. The Platform was viewed by more than 2 million times during 2021.

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 and steer their career development. Group employees are given priority for filling open positions. KoçKariyerim was made available for use also by non-Group candidates in 2021, giving access to career opportunities at the Group companies collectively on the platform. More than 5,000 job postings were announced on the platform in 2021, and over 2,000 employees benefited from intra-company rotation opportunities.

Recruitment

Koç Holding aims to deliver a uniform experience to all candidates applying to the Group companies. Globally recognized, reliable assessment inventories are used in the recruitment process. "Candidate Experience Survey" is employed to regularly monitor applicants' experience during the process by way of the satisfaction measurement and feedback mechanism. In this context, collaborative work is carried out with Candidate Experience Leaders designated for each company. The Recruitment Accreditation Program designed to follow up current trends and upgrade the world-class recruitment experience has been ongoing for the past 3 years in collaboration with the Koç University and the Society for Human Resource Management (SHRM).

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 more than 10 topics from candidate experience to performance experience for 32 different personas. Employing 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.

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 a permanent format. With 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 40 Koç Group companies individually or together with their agile teams.

Industrial Relations

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

The Industrial Relations Coordination Board, established in this context, develops a sustainable and constructive industrial relations culture within the scope of the Group through periodic meetings. The focus in 2021 has remained on ensuring the rapid adaptation of the Group companies to the changes arising from the pandemic, guaranteeing continuity by creating practices that will protect employee and community health, and fulfilling the obligations arising from amended or new regulatory framework. In this context, the participant group of the Industrial Relations Coordination Board meetings was expanded, training programs were offered that reached 1,400 participants, and working groups were formed.

Health and Safety

The Koç Group's Central Health and Safety (H&S) Unit, together with the H&S Committee, which includes participants from the companies, carries out studies on strategies, draws up road maps, management system and standards which will cover the Group. At the start of 2021, a management system framework document and seven different guidelines were prepared and introduced across the Group companies. Gap assessment studies for the transition to the new management system have been completed. A comprehensive OHS audit was commenced with the support of an independent international company for supervising the implementation of the new policy and guidelines. Secure driving systems started to be installed in company cars. Additionally, safe driving training is being given to drivers.

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 67,509 active members and 777 retired members.

Human Resources

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

KoçAilem aims to increase the satisfaction and loyalty of its 170,000 members with benefits that have high interaction effect and enrich their social lives, while offering members privileged access to products and services of intra-Group and non-Group companies.

KoçAilem Blood Sharing Platform
KoçAilem Blood Sharing Platform, a platform which supports Koç employees, was commissioned by Koç Holding in response to dwindling National Blood Donation stocks during the pandemic period. The platform brings the Koç Group employees or their relatives together with volunteer Koç employees in the event that they need blood or COVID-19 immune plasma. When the need arises, a notification is sent to the volunteers with compatible blood group within 10 km distance from the person who requested. If the request is not met within 30 minutes, the same request is delivered to other compliant volunteers in the city. Within the scope of the program, more than 9,000 people have joined the blood donation volunteers.

KoçAilem Supermarket
The online supermarket platform enabling economical grocery shopping at affordable prices offers a rich selection of hundreds of brands covering a broad range of categories from basic foodstuff to detergents, personal care to beverages and snacks to the Koç employees to support them for their grocery expenses. KoçAilem members can reach the platform on kocailemmarket.com and KoçAilem Mobile app.

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

1,240 items of online contents, which were open to all of Turkey, were viewed a total of 3.6 million times on online platforms.

Thousands of Koç employees were given the chance to do sports in various events including tournaments where strict pandemic measures were enforced, Kadıköy Half Marathon, 43rd İstanbul Marathon and the Night Run, etc.

At the KTSK Bağlarbaşı Woods, a number of new facilities were put into service ranging from a biological pond to a beach volley field, outdoor exercise areas to children's playground and to its totally renewed restaurant now offering the quality of Divan.

The 32nd edition of the Koç Group Sports Festival, Turkey's first corporate sports festival, was held online in 5 branches. Open to international participation, the Festival welcomed approximately 2,000 Koç employees from 14 different countries.

Sustainability

Lead. Together

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

Our Manifesto

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

Lead. Together means we will,

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

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

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

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

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

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

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

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

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

Setting Strategic Priorities

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

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

Sustainability

Stakeholder opinions were received through 140 surveys, 20 of which were semi-structured interviews. Qualitative and quantitative analyses were carried out of the data obtained, following which the main components of the "Lead. Together" strategy were reviewed under the leadership of Koç Holding's senior management. According to the study conducted in 2020, Koç Holding meets stakeholder expectations across all the areas below.

- Digital transformation, innovation, supply chains, distributor networks, and talent management are defined as strategic issues in terms of the company's business success.
- Starting with transitioning to a low carbon economy and climate risks, a number of environmental issues are priority concerns for various stakeholder groups; especially NGOs, customers, suppliers, and investors.

Identifying potential material issues

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

Stakeholder mapping and stakeholder involvement

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

Evaluation of the results

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

Koç Holding Materiality Matrix

Environmental

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

Social

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

Governance

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

ESG + issues

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

- All stakeholder groups stated that human rights and labor standards as well ethics and compliance are of fundamental importance in ensuring the sustainability of the group's activities.

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

According to its "Lead. Together" strategy, the Koç Group aims to grow by taking care of people, the world and society. As stated in the materiality analysis, the Koç Group's innovative and technological power and its access network and capabilities are the strategic elements which will enable the Group to achieve this goal.

Sustainability Management

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

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

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

Sustainability

and employees from various departments they collaborate with, which include R&D, environment, finance, innovation, HR, corporate communications, marketing, purchasing, strategy and manufacturing.

Koç Holding works to reinforce its position in the MSCI ESG, BIST Sustainability, FTSE4Good, Sustainalytics indices and to continuously improve its performance. Arçelik, Aygaz, Ford Otosan, Otokar, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, together with Koç Holding, were included in the BIST Sustainability Index in 2021 having met the necessary criteria.

Stakeholder Engagement

Koç Holding aims to develop relationships based on trust through regular and long-term communication with its stakeholders. In the management of sustainability issues, it ensures the participation of employees, dealers and suppliers on the one hand, and public institutions and organizations, NGOs, international organizations and universities on the other. In this regard, stakeholder engagement as outlined in the Koç Group Sustainability Guidelines is carried out in three stages; short-term and one-off support, partnerships focused on mutual solutions, and multi-stakeholder initiatives aimed at finding solutions to complex problems. Stakeholders' views on sustainability are also included in decision-making processes through stakeholder analysis conducted at regular intervals. The frequency of stakeholder communication is determined depending on the characteristics, expectations and needs of the target audience. Accordingly, the issues, methods and frequency of communication with key stakeholders vary as shared in Sustainability Report. Koç Holding's current Disclosure Policy, which details the communication practices of the Koç Group with its stakeholders, in particular its investors, can be viewed on the website. NGOs, international organizations, public institutions and universities are the leading stakeholders who have developed subject-oriented collaboration in managing the sustainability priorities. Within the scope of this collaboration, regular communication with institutions is maintained and common solutions are developed for sustainability issues. In addition, senior executives of the Koç Group companies direct the work of business organizations both on a sectoral and subject-oriented basis. Detailed information on the cooperation with different stakeholders, including TÜSİAD, the UN Development Program, UN Women and the World Economic Forum is included in the relevant headings of this section.

Sustainability Reporting

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

The CMB Sustainability Principles Compliance Framework published in 2020 sets out the basic principles which are expected to be disclosed while conducting environmental, social and corporate governance activities in public partnerships. Attaching importance to transparent, balanced and holistic reporting, Koç Holding publishes its approach and practices with respect to the mentioned principles in its publicly disclosed Sustainability Reports and website content. Studies conducted within the scope of the principles are described in the relevant sections of the report. In addition, the content of the Annual Report is broadened along this line in 2021, as it was last year, and the Declaration of Compliance is included in the Report. In this context, necessary alignment in relation to reporting has been achieved, and work is ongoing for attaining total compliance with the principles. The activities carried out in relation to the principles are disclosed in the relevant sections of the Report.

The publicly available sustainability performance data covers Arçelik, Aygaz, Entek, Ford Otosan, KoçSistem, Opet, Otokar, Otokoç Otomotiv, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi among the Koç Group companies. The data covered the period from 1st January to 31st December 2021, encompassing 74% of employees and 87% of revenues. Performance data was calculated as realized over the 11-month period and projected for the 12th month. Social performance indicators cover the period up to 30th November 2021, and Occupational Health and Safety data covered the period from 1st January to 31st December 2021.

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

Act for the Planet. Together.

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

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

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

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

Disclosure of Climate-Related Risks and Opportunities

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

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

Governance

Climate-related risks and opportunities are monitored and managed under the Carbon Transition Program. The details of the governance structure can be found in the section titled Sustainability Management.

Risk Management

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

Strategy

Carbon Transition Program

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

In line with its **2050 carbon neutrality target,** Koç Holding commits to reduce Scope 1 and Scope 2 greenhouse gas emissions by **27% in 2030 and by 49% in 2040,** compared to the 2017 baseline year (**8.4 million tCO_2e**). Scope 1 and Scope 2 greenhouse gas emissions totaled **6.9 million tCO_2e in 2021.**

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.

Risk analyses have been conducted at Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Otokoç, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, which represent 91.3% of the Koç Group’s combined revenues in the past five years. 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 pages 44-45.

Sustainability

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.

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.

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 performance 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.

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

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 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.

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[1] 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.

Opportunities

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

Clean Technologies and Sustainable Products

Clean technology and innovative sustainable products with high resource efficiency and low environmental impact play an important role in the transition to a low carbon economy and offer a wide array of opportunities for the business world. Developed products and technologies support the circular production systems, helping the Koç Group companies reduce their consumption of natural resources and emissions of greenhouse gasses along their value chain. New products and technologies which enable companies to manage their environmental impacts more effectively also help them to increase their revenues by meeting consumer demand for eco-friendly products.

A working group has been established under the Koç Group Environmental Council in order to mitigate the impacts of products and services offered in various sectors in which the Group pursues operations, to clarify the low-carbon product definition, to associate it with national and international standards, to determine requirements and to set reporting criteria.

Details of the road maps 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.

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

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

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

Sustainability

Metrics and Targets

Carrying out their climate change efforts in the light of the Koç Group's climate change strategy, the Group companies, work towards effective monitoring and reporting of greenhouse gas (GHG) emissions, and their reduction to the extent possible.

For the first time in 2020, efforts to verify Scope 1 and 2 GHG emissions at the Koç Group level were carried out and audited by a third-party independent organization within the framework of the ISO 14064-1 Greenhouse Gas Accounting and Verification Management System In 2021, the amount of renewable energy purchased was measured to be 1,910 GJ while the amount of renewable energy produced within the Group was 3,278 GJ.

Energy Intensity (GJ/TL million)	2019	2020	2021
Energy	672	790	**371**
Automotive	47	37	**26**
Consumer Durables	40	31	**17**
Finance	27	22	**6**
The Koç Group	386	341	**168**

GHG Intensity (CO_2/TL million)	2019	2020	2021
Energy	43	52	**26.8**
Automotive	4.81	2.72	**1.53**
Consumer Durables	1.5	1.05	**0.56**
Finance	3.1	2.11	**0.52**
The Koç Group	27	25	**11.95**

	2019	2020	2021
Reduction through Energy Efficiency (million GJ)	1.47	1.04	**2.15**
GHG Emissions Reduced (thousand tonnes CO_2e)	44.84	53.93	**143**

The European Green Deal

The "Green Deal" announced by the European Commission in 2019 is aimed at achieving the European Union's net-zero carbon emission target by 2050. To achieve this goal, the EU is committed to reducing its carbon emissions by at least 55% compared to 1990 levels by 2030. The Green Deal, which has the potential to change the functioning of the global economy and international trade with the goals it has set out, is of tremendous importance for Turkey and the Koç Group, which carries out more than 50% of its foreign trade with the EU. In this sense, the Koç Group has been carrying out activities to contribute to the implementation of the Green Deal with the principle of multilateralism and to evaluate the opportunities it will create.

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

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

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

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

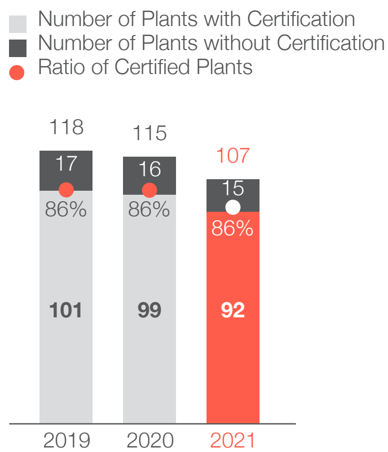
In line with national and international developments, the Koç Group Environmental Strategic Plan was prepared in 2020 in order to adopt a common and holistic roadmap in the Group's environmental management, to review its priorities and to manage the environmental roadmap with a systematic and holistic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

Operational environmental impacts
For efficient use of water and natural resources, the conservation of biodiversity and the prevention of environmental pollution, companies need to responsibly manage their operational impacts. The Koç Group monitors performance in water resources, waste and biodiversity in order to reduce operational environmental impacts and takes measures within the framework of targets to effectively manage it. The Koç Group Environmental Policy provides an important framework for managing environmental impact. In addition to policies, global standards such as the ISO 14001 Environmental Management System, the ISO 50001 Energy Management System and the ISO 14064-1 Greenhouse Gas Accounting and Verification Management System are used in the management of environmental issues. Group companies comply with local laws and regulations on environment and report transparently.

In 2021, the Koç Group's total environmental investments and expenditures, including waste costs, chemical expenses, consulting and training for environmental management, were recorded as TL 156 million. Financial savings of TL 22.6 million were achieved through environmental investments and expenditures. There were no environmental fines exceeding USD 10,000 in the last three years.

Environmental Trainings	2019	2020	2021
Number of participants (employees)	28,750	32,481	**27,868**
Number of participants (subcontractors)	27,516	7,866	**16,921**
Training hours (person*hour) (employees)	39,868	58,075	**86,458**
Training hours (person*hour) (subcontractors)	19,154	14,578	**8,222**

ISO 14001 Certified Plants



Sustainability

Managing Water Risks

In order to effectively manage the increased water risks associated with climate change, it is important to increase water efficiency in production through recycling and recovery. The Koç Group aims to reduce the use of water and the discharge of wastewater, reduce stress on water resources through resource diversification, and increase wastewater quality. Accordingly, the "Koç Group Water and Wastewater Management Standard" has been established to determine holistic water and wastewater management principles throughout the community and to identify and manage water related risks.

Measures are being taken to increase the recycling and reuse of water in an effort to reduce the impact on natural resources. The Koç Group reused 35,000 m^3 of water in 2021.

Total water withdrawal by resource (m^3)	2019	2020	2021
Surface Water	17,227	17,843	**14,688**
Groundwater	6,491	6,410	**5,952**
Municipal Water	2,497	1,739	**2,486**
Rainwater and other resources	11,609	5,824	**11,456**
Total	37,824	31,816	**34,582**

Waste by type (tonnes)	2019	2020	2021
Recycled / Recovered hazardous waste	33,493	26,192	**39,931**
Recycled / Recovered non-hazardous waste	273,961	272,325	**285,454**
Hazardous waste disposed of	8,265	6,244	**4,345**
Non-Hazardous waste disposed of	5,404	5,543	**6,603**
Amount of hazardous waste sent to landfill	340	947	-
Amount of non-hazardous waste sent to landfill	0	64	-
Total (tonnes)	321,463	311,315	**336,333**

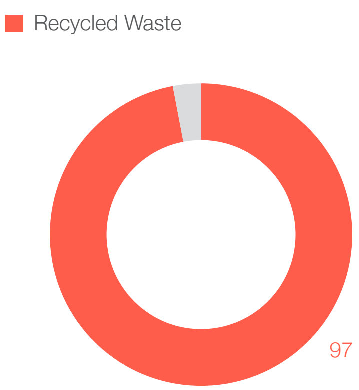
Waste Management

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

The Koç Group is a signatory of the Business Plastics Initiative, established in partnership with Global Compact Turkey, Business Council on Sustainable Development Turkey and TÜSIAD, to prevent plastic pollution which is beginning to threaten human and environmental health. Koç Group's aim is to end the consumption of single-use plastics for individual consumption by the end of March 2023.

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

Waste Recovery Rate (%)



Partnerships

With its presence in many local and international platforms since 2011, the Koç Group represents the Turkish business world on environmental sustainability issues, especially climate change. The Group participates in the Climate Change Conference of the Parties (COP) every year and complies with the United Nations Framework Convention on Climate Change (UNFCCC). Koç Holding is also among the companies supporting the Task Force on Climate-Related Financial Disclosures (TCFD).

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

Empower People. Together

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

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

Human Rights and Labor Rights

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

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

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

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

Workplace Diversity and Equal Opportunity

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). Koç Holding is one of the 10 Impact Champions of the HeForShe movement run by UN Women. In addition, Koç Holding leads the TÜSIAD Gender Equality Working Group. 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 mission for securing gender equality in the field of technology and innovation by announcing three undertakings that will steer the efforts in this vein on a global scale.

Sustainability

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

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

Improvements were made to counselling services offered before and after maternity leave, childcare and nursery assistance, and workplace safety. In 2021, 1,002 women employees took maternity leave and 96% of them returned to work following the end of their official leave. 18% of women employees benefit from childcare support.

Gender Equality During the Pandemic

As in past outbreaks, women and girls around the world were more affected than men by the brunt of the COVID-19 pandemic. From the very first days of the pandemic, Koç Holding raised the issue before the Group companies and took actions and precautions targeted at women employees in its companies within the scope of its partnership with UN Women.

Leading TÜSİAD's Gender Equality Working Group, Koç Holding evaluated the findings from the "Research on the Effects of the COVID-19 Outbreak on Women Employees" conducted in cooperation with UN Women and supported by TURKONFED (Turkish Enterprise and Business Confederation). The preparatory work continued for drafting the "Gender Responsive Crisis Management " guide based on UN Women's Empowerment Principles with the aim of getting companies to plan egalitarian and transformative responses and adopt sustainable management models resilient to crises while satisfying employees' urgent and practical needs at times of crises.

Talent Management

One of the Koç Group's priorities in sustainable talent management is to attract young talents to the Group, to bring qualified trainees who spent a training period at the Koç Group companies together in the talent pool and win them for the Group. 42% of the new graduates who joined the Koç Group in 2021 consisted of employees who were trainees at the Group.

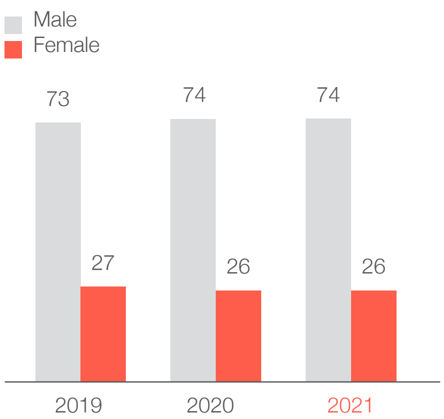
The "Youth Board" is another practice introduced for young talents. A formation has been created where 12 young employees represent different sectors to build a Group that creates a working culture, which is shaped by the voices of youngsters, contributes value to the youth and evolves with them, and makes employees feel happy and lucky to a be part of the Koç Group. Through its activities, the Youth Board targets to identify the areas that need to be improved to create a better employee experience in the future and to develop and design the relevant actions to be taken for this purpose.

The Koç Group plans the careers and developments of its talents on a yearly basis and monitors them closely against 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. During 2021, more than 2,000 employees of the Koç Group were included in intra-Group rotation procedures and started their new jobs in different sectors, companies and departments.

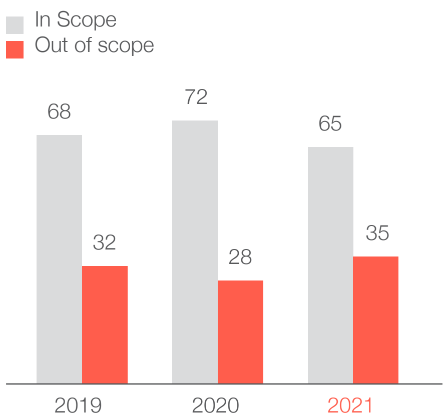
Various training and development opportunities are offered to ensure employees reach and even exceed their potential. In addition to training in areas such as the environment, ethics and OHS, many different training programs are offered to employees for technical and leadership development in line with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

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

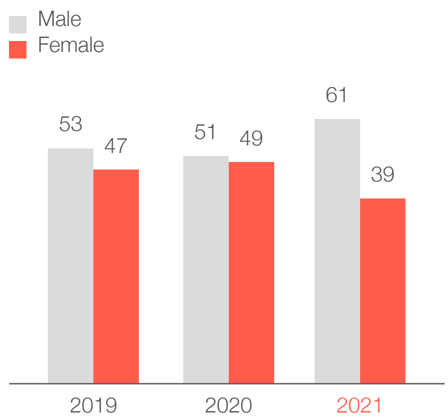
Employees by Gender (%)



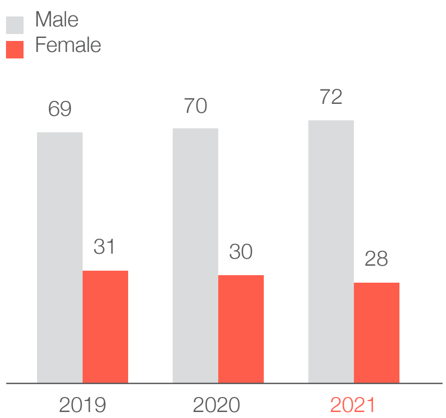
Unionization (%)



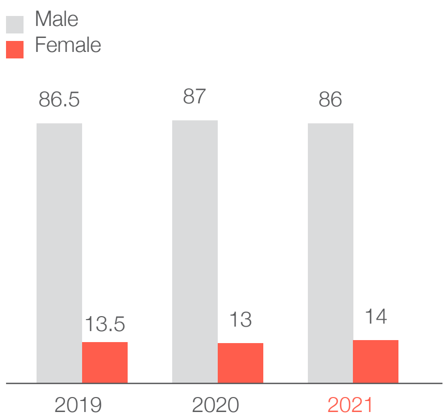
Promotions by Gender (%)



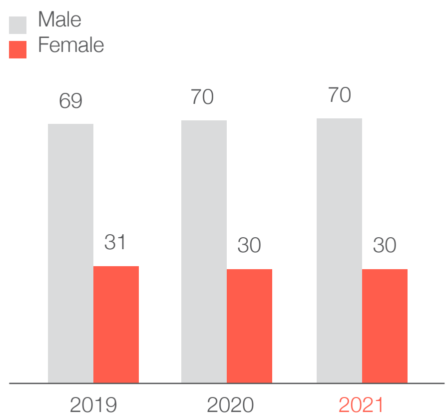
New Recruitment by Gender (%)



Senior Executives by Gender (%)



Middle Managers by Gender (%)



Sustainability

Occupational Health and Safety

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

During 2021, Koç Holding Occupational Health and Safety Unit led the release of the OHS Policy, OHS Management System Procedure, and the Koç Group Guidelines on seven different topics, in cooperation with the Occupational Health and Safety Board consisting of participants from the Group companies. The Management System Procedure defines the minimum requirements of OHS topics under 20 main headings at the Group companies. The guidelines released, on the other hand, detailed the requirements for Emergency Management, OHS Performance Indicators, Work Control, Incident Reporting, Operational Risk Management, Secure Driving and Working with Contractors.

An audit program has been launched to verify compliance with the requirements defined for OHS topics, which is coordinated by Koç Holding OHS Unit and conducted by an international independent company. During 2021, five-day audits were carried out by an average of seven auditors at 61 sites of 27 companies. In the audit program that identified improvement areas of documentation and field practices, actions were specified, which were then implemented by the companies.

In order to implement the Operational Risk Management Standard that consolidates various risk analysis methods practiced in relation to OHS under a common method, people in charge of Operational Risk Management were identified for each company, who were then given the necessary training. Work is underway for creating each company's operational risk inventory.

The Emergency Management Guidelines released in the reporting period established the structures for management of emergencies and crises. According to the Guidelines, there are management formats at site level, company level and the Group level. The Group Support Plan, which is the management format at the Group level, describes the crisis management format and procedures that need to be handled at the Koç Holding level.

Koç Group Employees	2019	2020	2021
Fatal Accidents	0	5	**0**
Injury Rate (IR)	6.37	6.07	**5.98**
Occupational Illness Frequency Rate (OIFR)	0.17	0.04	**0.09**
Lost-time injury frequency rate (LTIFR)	3.79	3.3	**3.23**
OHS training hours (employee*hours)	545,346	626,981	**732,602**
OHS training hours (employee*hours) - subcontractors	130,703	88,397	**95,162**

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

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

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

The Koç Group Secure Driving Guidelines were released for secure driving that takes place within OHS accidents. As per the requirements in the Guidelines, a system for increased security of driving and the driver is being installed in company cars. Secure driving training began to be offered to all employees and contractors using company cars.

The most critical topic of 2021 with respect to OHS is the ongoing COVID-19 pandemic. A Health Advisory Board was set up, which is formed of workplace and hospital physicians and worldwide renowned academics from relevant disciplines. The Group's approach to the pandemic was steered together with this Board that meets every two months. Employees were encouraged to get vaccinated by way of numerous Group-wide and company-wide communication activities, webinars and information meetings. Cooperation was established with provincial and district health directorates, as a result of which employees at numerous companies were provided with the opportunity to get vaccinated at the workplace, and Group-wide vaccination statistics were monitored. Feedbacks from unvaccinated employees were analyzed by specialist doctors and contacts were held with these employees. Efforts are ongoing to secure vaccination of all employees.

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
- ensuing that they are aligned with social and environmental goals, as mentioned in the UN Sustainable Development Goals.

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

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

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

In 2020-2021, Koç Holding, in partnership with the UNDP and Koç University Entrepreneurship Research Center (KWORKS), launched BOOST Civil Society Technology Acceleration Program for effectively utilizing technology and innovation for societal development and sharing the Koç Group's experiences and learnings in this field with various stakeholders. In 2021, on the other hand, Koç Holding became one of the Action Coalition Leaders on Technology and Innovation of the Generation Equality Forum that steers UN Women's gender equality initiatives.

BOOST Civil Society Technology Acceleration Program

While COVID-19 has highlighted the importance of digital transformation and effective use of technology in ways of doing business, it has also indicated the importance of technology in developing solutions in tackling environmental and social challenges. Responding to this need, Koç Holding became the only private sector program partner in the regional BOOST program developed by the UNDP İstanbul Regional Hub. This program is intended to support digital transformation processes of non-governmental organizations and increase their impact and reach.

Under BOOST, which was designed in two stages, 19 different non-governmental organizations working in the areas of environment, education, human rights, women, youth and disadvantaged groups were offered the opportunity to design and implement digital transformation processes based on a concrete project proposal. In the first phase of the program, NGOs worked with mentors specialized in related subject matters in an intensive training program covering different subject areas in order to realize their proposed solutions that use technology. The seven NGOs selected for the second phase with their projects that used digital technologies for solutions were Bilim Kahramanları Derneği (Science Heroes Association), Eğitim Reformu Girişimi (Education Reform Initiative), Hayata Destek Derneği (Support to Life), İstanbul Kültür Sanat Vakfı (Istanbul Foundation for Culture and Arts), Kalkınma Atölyesi (Development Workshop),

Sustainability

Sığınmacılar ve Göçmenlerle Dayanışma Derneği (Association for Solidarity with Asylum Seekers and Migrants) and Türkiye Spastik Çocuklar Vakfı (Cerebral Palsy Turkey). The NGOs that moved on to the second phase in 2021 were offered a 24-week, one-on-one acceleration program, in addition to financing support.

The program brought different experiences and expertise together on an international and national scale. While the implementation partner of BOOST in Turkey is KWORKS, StartUp Grind, the world's largest global entrepreneurship community, is one of the program's international implementation partners. In addition, UNDP experts, as well as the Koç Group Digital Transformation leaders, have contributed to the program by working closely with NGOs in the process. BOOST is financed by the Koç Group's shareholders' equity and Yapı Kredi's social responsibility fund named For My Country Variable Fund.

The UN Economic and Social Affairs Department selected BOOST as one of the global best practices towards reaching Sustainable Development Goals.

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 and which will steer the gender equality initiatives for the next five years. Taking place among the Action Coalition Leaders on Technology and Innovation in this context, Koç Holding has assumed another major mission towards ensuring gender equality on a global scale after the HeForShe initiative.

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

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

- **To adopt a gender-sensitive approach to innovation activities carried out under the Koç Innovation Program throughout the Koç Group, and to create a global blueprint.** In order to succeed in this commitment, all innovation processes, criteria and standards in research, management, evaluation, trainings, incentives and communication of the Koç Innovation Program will be reviewed. Additionally, a "Gender Equal Innovation Guide" will be created. The lessons learned and outcomes will be disseminated to the innovation ecosystem, to Koç Group companies, business partners and start-ups, as well as to Generation Equality Forum global network.
- **To endorse Koç Group Companies to carry their ongoing projects and future-oriented plans towards women and girls in technology and innovation into the global network of the UN Women Generation Equality Forum, and to become global commitment makers for solutions.** In order to succeed in this commitment, the opportunities and challenges to achieve gender equality in technology and innovation with an industrial and sectoral approach will be identified. The collaboration, alignment and best practice sharing between companies to maximize the impact will be supported.
- **To support the collaborations with women innovators to narrow the gender gap in technology and innovation.** In order to succeed in this commitment, initiatives of women innovators will be supported by the regional BOOST program implemented in partnership with UNDP and Koç University Entrepreneurship Research Center (KWORKS). It is targeted to disseminate the lessons learned and scale up best practices among the regional and global innovation ecosystems.

Grow the Business. Together

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

Supply Chain Sustainability

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

The Koç Group companies strive to provide the best service to their customers. Accordingly, they develop customer policies in the sectors which they operate in and work to a principle of responding to all kinds of requests and complaints and adapting accordingly. The Koç Group Code of Ethics the Group's business partners, suppliers, dealers and contractors. At the same time, the Supply Chain Compliance Policy sets out a general framework on human rights, occupational health and safety, and environmental and ethical issues. By encouraging business associations, business partners, suppliers, dealers and contractors are supported in the quest to improve production quality, increase their awareness of the environment and human rights, and establish a strong company culture based on Code of Ethics. For this purpose, suppliers are given trainings on environmental, ethical and social issues. In 2021, a total of 9,167 hours of training were provided to suppliers and dealers through training programs.

A "Supplier Audit Program" is in place to ensure that all supply chain operations comply with company standards. During the audits carried out within the scope of the program, quality and product safety assessments are performed with a focus on social, environmental and ethical criteria. In 2021, 14% of the 15,853 suppliers were audited.

Hours of Training to Suppliers	2019	2020	2021
Ethics	1,428	918	**353**
Environment	95,805	15,559	**4,335**
Social	2,442	1,675	**4,479**
Total	**99,675**	**18,152**	**9,167**

Compliance Program

Koç | 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 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 "The Right Way to do It", 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 below. 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.

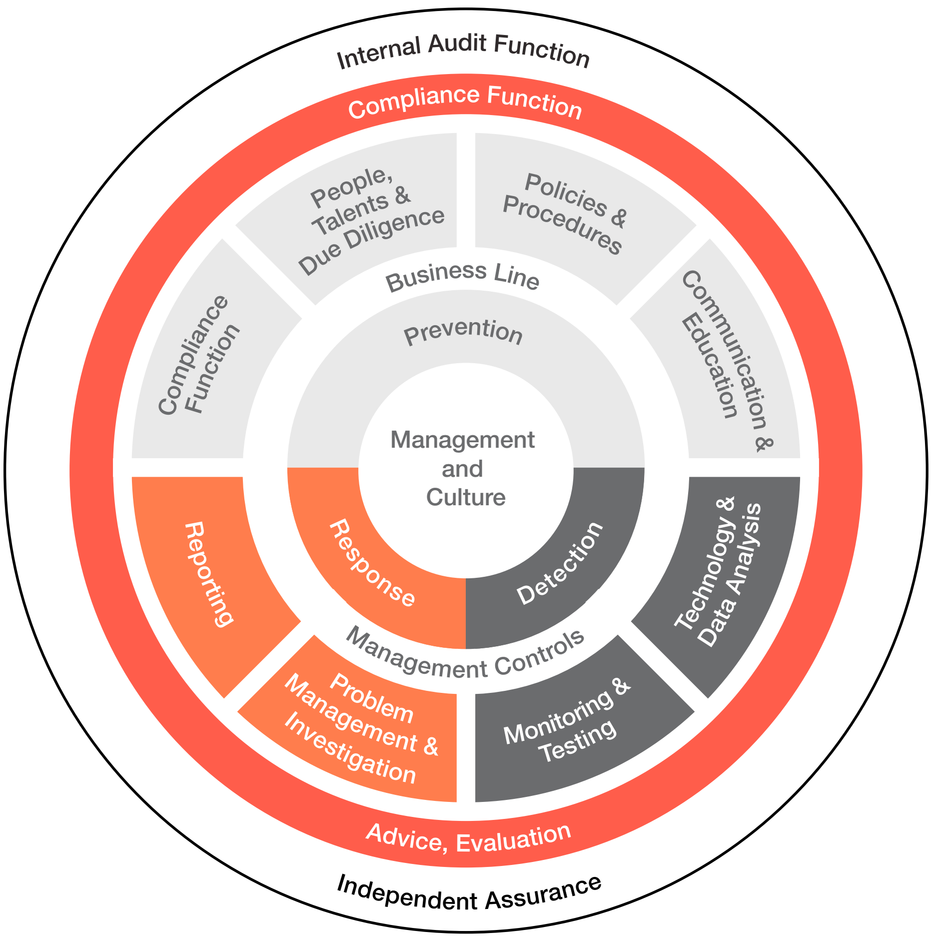
Departments or officers responsible for compliance at the Koç Group Companies within the scope of the Compliance Program supported by the senior managements of Koç Holding and the Koç Group have been designated in 2021. These individuals, together with business units, are responsible for periodically 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. Upon completion of the team organization efforts in progress, comprehensive systematic risk analyses will be commenced within 2022.

Code of Ethics & Compliance Policies

In addition, the reporting mechanism (the Ethics Hotline) for establishing any violation of the legislation in force, the Code of Ethics or other Compliance Policies is open to all stakeholders of the Koç Group all over the world, in particular all the Koç Group employees, as well as the Koç Group's business partners. The Koç Group Ethics Hotline is available in more than 50 countries, in 35 languages online and in 15 languages on the phone. Support is provided from independent service providers for the ethics line service that allows unanimous reporting, and the Group's employees are protected against potential retaliation in connection with their reports.

Koç Holding Legal and Compliance Department oversees the compliance activities across the Koç Group and aims to make sure that the compliance risks with the potential to affect the Group are identified, necessary measures are adopted and the Compliance Program is implemented effectively, equally and consistently across the Group. Communication activities have been carried out and training organizations have been held for ensuring that the Compliance Program is embraced by all stakeholders and for consolidating the compliance culture across the entire Group. In this context, interactive online training programs were designed in main compliance risk areas for all the Group employees. Compliance officers working at the Koç Group companies, on the other hand, receive technical professional training.

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 through this period tainted by ongoing uncertainty.

Digital Transformation Themes and Initiatives

Work is ongoing at full speed within the scope of the Digital Transformation Program initiated in 2016. The activities under this program that entered its sixth year have taken place among the crucial elements that helped the Group companies attain successful business results.

The work has contributed greatly to further strengthening the Group's current position and increasing its competitive clout by eliminating the threats that may arise and by taking advantage of new opportunities.

The Digital Transformation Program includes a wide range of projects, from advanced data analytics, artificial intelligence and the Internet of Things to blockchain, enriching the customer experience and Industry 4.0 applications. There was a total of 1,126 projects within the Digital Transformation Program as of the end of 2021. Most of these projects have been completed.

Digital Marketing and Customer Experience

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

Example: "Aracım+", co-developed by **Yapı Kredi** and **Otokoç,** gives customers a one-stop reach to numerous transactions related to their vehicles in passenger car, motorcycle or pickup truck classes via Yapı Kredi Mobile. Besides the services for vehicles owned by customers, nine different comprehensive services including second-hand vehicle buying, selling and rental were put to use for customers by end-2021.

Digital Supply Chain and Manufacturing

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

Example: Under the project developed within the scope of smart factory applications, **Tofaş** turned the tools used in assembly lines into smart tools. Smart tools used in more than 460 operations guaranteed 90% accuracy in assembly processes and contributed to increased employee productivity.

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: **Tüpraş** enabled remote management of field operations and maintenance with its "Robotic Applications" with real-time image and audio transmission. Use of drones and robots allowed secure continuation of field operations during the pandemic and generated increased employee productivity.

Group Wide Supportive Activities

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

Data and Analytics

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

Example: **Arçelik** launched Project Artemis, which covers after-sales customer services end-to-end. Under the project spanning 669 service locations and 8,500 technicians, data collected from devices used by customers were also analyzed in addition to past data, with the goal of resolving customer problems at once by ensuring that technicians take the relevant spare parts with them when they visit the customers for service. In addition, new failure data were fed into quality processes, thus securing enhanced quality and customer satisfaction.

Industry 4.0

12 manufacturing companies within the Koç Group continue to focus on increasing efficiency in production by following up the technologies in the field of Industry 4.0. The Group companies continue to work to make more use of the Internet of Things technologies at the production facilities in Turkey and abroad. At the end of 2021, 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. In 2021, Arçelik Eskişehir Refrigerator Plant was named a Global Lighthouse and took its place among the world's cutting edge manufacturing sites.

Digital New Initiatives

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

Example: **Ford Otosan** founded a new company under the name Rakun Mobilite in the mobility field with the electric vehicles developed on the back of initiatives commenced under the Koç Innovation Program. Rakun Mobilite aims to fulfill customer needs particularly at the endpoint service delivery. In addition, the Group companies carry on and further increase their partnerships with universities and startups.

Cultural Transformation

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

Awareness and Communication

"KoçHub", which is the Koç Group's new generation interaction and communication platform, has been adopted by the Group employees, and expanded their sharing under 2,163 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

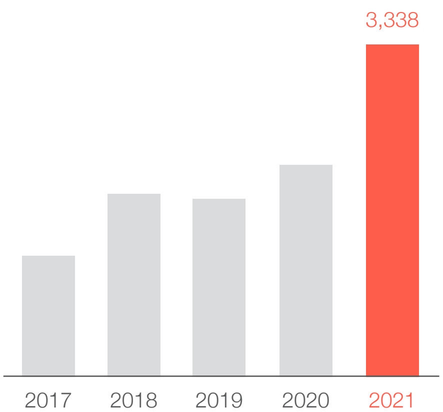
- Participation in special online training programs on data analytics, programming, digital marketing, autonomous vehicles, machine learning from Udacity and on strategy and leadership from Harvard Business School Online continued.
- The "Personal Development Program" for senior executives was continued, 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.

Research and Development (R&D)

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

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

29%
CAGR between 2017-2021



Attaching tremendous importance to achieving growth that is driven by technology, R&D and innovation, the Koç Group allocated approximately TL 3.3 billion to R&D in 2021. The Koç Group is responsible for approximately 7%[1] of the total R&D expenditure in Turkey's private sector, and with 33 R&D centers, one design center and seven technopolis R&D offices, it has the highest number of R&D centers of any group in Turkey. The Koç Group employs 5,533 R&D personnel, corresponding to 4%[2] of all personnel working in R&D in Turkey's private sector.

4 of the 7 Turkish companies included in the European Commission's "2021 EU R&D Scoreboard" report comprising the world's top 2,500 R&D investors are from the Koç Group[3]. Together with Koç Holding, Ford Otosan, Tofaş and Arçelik were also included in the list.

European Union (EU) Projects

In 2020, the Koç Group companies took part in 55 projects under the EU Horizon 2020 and Horizon Europe programs and in 20 projects under the Eureka program. Four Koç Group companies, namely Tüpraş, Ford Otosan, Arçelik and Tofaş, were placed in the top four spots in the list of the "Most Successful Turkish Industrial Organizations in Horizon 2020" published by TUBITAK (the Scientific and Technological Research Council of Turkey)[4].

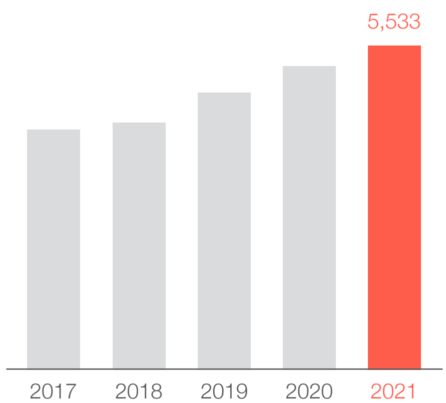
- With 25 projects, **Arçelik** has been the Turkish company with the most projects in Horizon 2020. The company made a strong start to Horizon Europe with its six admitted projects in manufacturing and sustainability areas.
- **Tüpraş** and **Ford Otosan** will take place jointly in the Project FLEXIndustries that qualified for a grant under the Horizon Europe.
- **Ford Otosan** completed Horizon 2020 with 20 projects. The company received approval for 4 new entries within the frame of Horizon Europe.
- "CoachHyfied" Horizon 2020 project for the development of long-distance coaches with FuelCell technology participated by **Otokar** and **Ford Otosan** represents the first grant Turkey received in this field.
- For its Horizon 2020 "PEACOC" Project admitted within the scope of sustainability initiative, **Ford Otosan** began collaborating with İSTAÇ, a subsidiary of İstanbul Metropolitan Municipality.
- **KoçSistem**'s project F4iTECH was admitted, which the company submitted within the scope of the Celtic Call 2020.
- Project COMRADE of **Koçtaş**, in which it collaborates with **KoçSistem**, was admitted to ITEA 3 platform.
- Project "ROBTI", which is executed by **Setur** and co-executed by GTU and Protel within the scope of the Call for Bilateral Cooperation between EU and Southeast Asia, was named among the most successful projects[5].
- Two new projects of **Tofaş** qualified for a
- grant under Horizon Europe program.
- Project "MOFAC2CAP" was admitted within the frame of M-ERA.NET Call 2020 which is coordinated by **Tüpraş** and in which **Koç University** also takes place.

(1) Based on TurkStat "Gross Domestic Expenditure on R&D by Sectors and by Funding Source" 2020 data.
(2) Based on TurkStat "R&D Personnel by Professions and by Sectors" 2020 data.
(3) https://iri.jrc.ec.europa.eu/scoreboard/2021-eu-industrial-rd-investment-scoreboard
(4) https://ufukavrupa.org.tr/
(5) https://www.sea-eu-jfs.eu/funded-projects

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

29%
Increase between 2017-2021



- **Tüpraş** ranked 1st in the list of the most successful Turkish Companies in Horizon 2020 with 17 projects and a EUR 7.83 million fund.
- The second call was made for Horizon 2020-funded "REACH" project, in which **Yapı Kredi Technology** is a stakeholder.

Innovation Collaborations, Projects and Platforms

- Led by **Arçelik** and co-participated by **Arçelik-LG,** SAYEM Smart Home Platform Project was admitted and launched in 2021.
- "**Arçelik** Frontier Research Laboratory for Advanced Materials, Filtration and Hygiene Technologies" qualified for a grant within the scope of TUBITAK 1515.
- 1004 Nanosis project led by Sabancı and Application Center (SUNUM) and including also **Arçelik,** qualified for a grant.
- **Arçelik-LG** used recycled RePPet raw material in AC chassis and thus increased the ratio of recycled plastic use from 10% to 42%.
- **Aygaz** completed its three projects under TEYDEB 1501 program. The company's two projects are underway under TEYDEB 1707 commissioned SME Support Call for Order-Based R&D Projects
- **Ford Otosan**'s electric scooter project "Rakun" has been launched.
- **Inventram** establishes global R&D partnerships in innovative areas such as smart sensing systems, medical electrostimulation and digital health to drive the development of advanced technologies in its investment portfolio.
- Under the **KoçDigital - Koç University** Graduate School of Business, 4-week seminars were organized for Executive MBA and MSc program students.
- Project "MERCURY", which is presented under the program **Koçfinans** has been conducting under TEYDEB 1501 in collaboration with Marmara University, qualified for a grant.
- **KoçSistem,** being a member of TUSSİDE (Turkish Management Sciences Institute) Turkish Natural Language Processing Working Group, participated in research and studies as part of "Pretrained Language Modeling" and "Audio Processing" sub-working groups.
- Project TUBİTAK 1505 submitted by **Koçtaş** in cooperation with Muğla University was admitted by TUBİTAK.
- **Koçtaş** R&D Center, in partnership with a startup named Tosso Engineering, developed an operational store robot.
- **Otokar** signed a cooperation agreement with the MilRem Robotics company for unmanned and robotic operation of military vehicles.
- "Smart Travel Hackathon" was organized under the leadership of **Setur** and the new technology brand SeturTech and in partnership with **Otokoç** and **Divan.**
- Within the scope of TUBİTAK 2244, **Tofaş** is working on five projects in total in cooperation with Uludağ University, Yıldız Technical University, İstanbul Technical University (ITU) and **Koç University.**
- Two projects by **Tüpraş** were accepted, which are TEYDEB 1005 project coordinated by the Middle East Technical University (METU) for carbon dioxide injection, and TEYDEB 1707 project for the development of Turkey's first robotic system capable of performing live tank bottom inspection.
- **Tüpraş** will take place as a participant in the RENEW-IST project funded by İstanbul Development Agency and co-conducted by Boğaziçi University, Koç University and İBB (İstanbul Metropolitan Municipality).
- New product development studies were initiated for precise farming applications by a collaboration of **TürkTraktör** and **Koç Bilgi ve Savunma.**
- **Yapı Kredi Teknoloji** has completed one TEYDEB 1505 project in cooperation with the Computer Engineering Department of Kocaeli University.

The Koç Innovation Program

The Koç Group Innovation Strategy

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

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

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

As of the end of 2021, 10 Group companies are participating in this voluntary program. As a result of efforts within the scope of the program, new products and services have been launched leading to generation of additional revenues. Since the start of the program, more than 250 internal startups have been turned into projects, with 29 new products / services brought to the market and four new companies were established. On the other hand, the companies included in the program have cooperated with over 120 startups in order to support their own business and the entrepreneurship ecosystem.

Highlights of companies included in the Koç Innovation Program:

- Aykargo project of **Aygaz** pursued its operations via more than 750 pickup points in 16 cities under the name "Sendeo" and the tagline "Solutions as You Wish" to make life easier aligned with customer needs and expectations. Additionally, collaboration is established with eight startups within the scope of open innovation.
- **Ford Otosan** launched Driventure, a company it has incorporated for investing in startups, and invested in two startups It established Rakun Mobilite for commercializing Rakun, one of the intrapreneurial projects. It received the Henry Ford Technology Award with LaserSonix, a project focused on smart technology innovation, and the IDX Future of Operations Award with Modfing.
- **Inventram** invests globally in a wide range of areas in innovation and future technology. It institutes patent protection that contributes competitive strength and entry barriers for competition. Its initiatives on innovation are carried on in the US, such as "Artificial Skin with Tactile Sensing" providing a tactile sensitivity beyond that of humans and protected by over 100 patents, and "Wearable Medical Electrostimulation System" protected by over 40 patents, and the FDA-approved patient tests.
- **Opet Fuchs** keeps refining the intrapreneurial project, Bagajonline. Within the scope of business model innovation studies, revenue generation began in a short period of 11 months in the Fullcheck Sense project and in 6 months in the Fullcheck Marketplace project.
- **Otokoç Otomotiv** commercialized an intrapreneurial project and increased the total number of projects put on the market to 6. The company devised its open innovation strategy and its investment thesis which will contribute a significant momentum to collaborations with startups. A partnership agreement has been signed with Plug and Play, an innovation platform based in Silicon Valley collaborating with and investing in international startups.
- **Tat Gıda** proceeded with its intrapreneurship and open innovation activities; specifically, the company carried out its ecosystem mapping and open innovation modeling relating to its strategies associated with open innovation.
- **Tüpraş** commercialized 2 projects. Startup investments made under the cooperation agreement executed in 2020 with the Emerald Industrial Innovation Fund, an international venture capital fund.
- **TürkTraktör** supported 7 projects under its intrapreneurship program. It held contacts with above 60 startups and institutions within the scope of open innovation initiatives, and infrastructure preparations are in progress.

Intellectual Property

Turkey's largest intellectual property portfolio with

> 8,100 trademarks

> 2,600 patent families

> 4,600 patents

> 1,100 industrial designs

> 4,700 internet domain names

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

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

The Koç Group's intellectual property rights strategy:

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

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

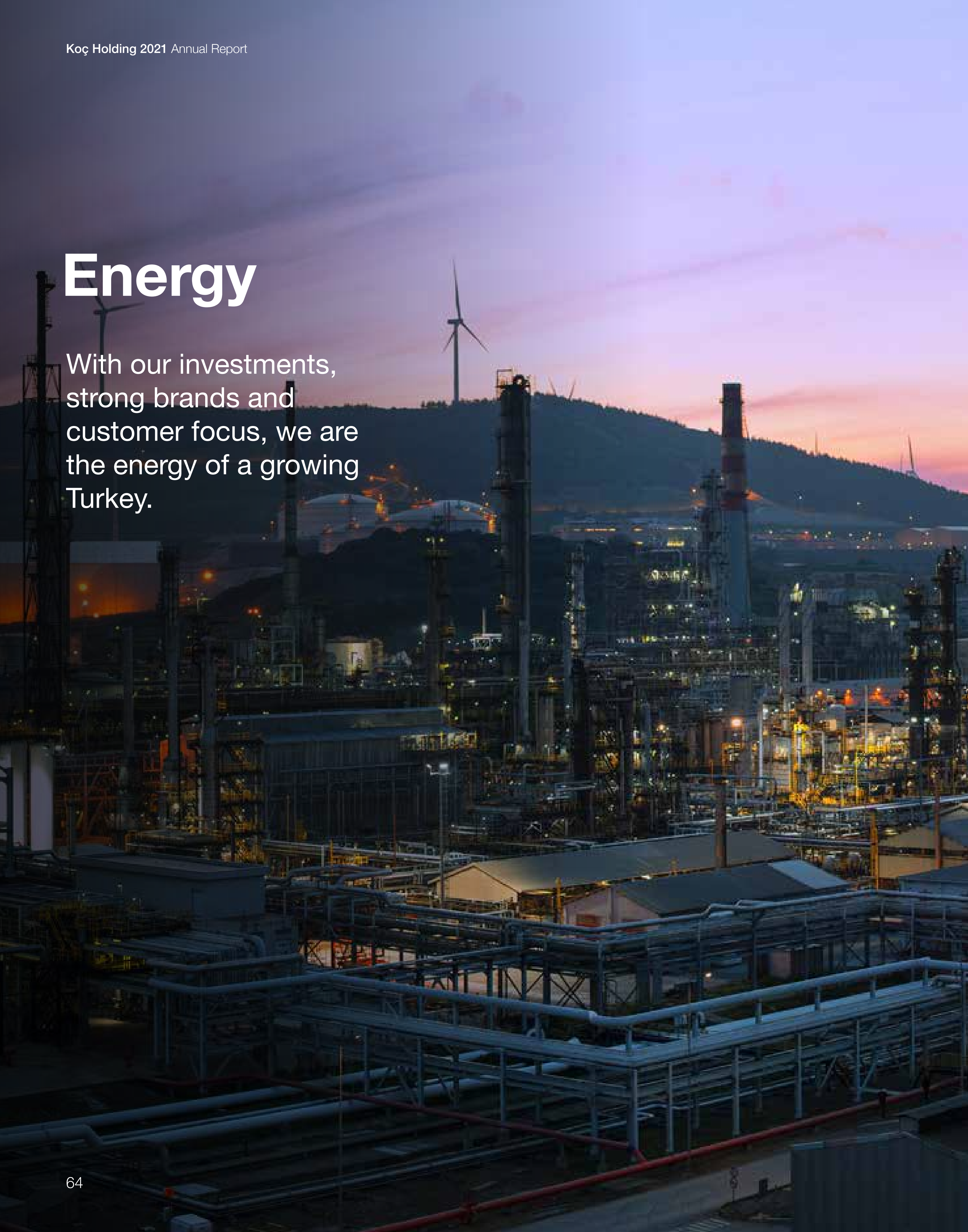
The Group maintains and monitors its growth in intellectual property by setting various goals at the Group and individual company level. In addition, the Group continues to work on various initiatives to transform the investments made in intellectual property rights into value.

The Koç Group intellectual property rights portfolio - consisting of over 8,100 trademarks, over 2,600 patent families and over 4,600 patents, more than 1,100 industrial designs and over 4,700 internet domain names - is the largest and the most important one in Turkey. In addition, Koç Group companies review this portfolio every year and are working to keep it in such a mixture that it will further support their business goals.

The Koç Group companies filed over 1,800 patent and utility model applications in the last 5 years including 166 in 2021.

In 2021, Arçelik successfully represented Turkey in the international arena by ranking 104th with its 256 applications in the World Intellectual Property Organization's "PCT System Top Applicants List".

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



Energy

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

Energy

Energy

In 2021, COVID-19 restrictions were eased following the continued production cut by OPEC+ beyond their commitments, declined global crude oil inventories, and globally increased vaccination. In the aftermath of the improved demand for oil products driven by the aforementioned, Brent oil price, which started the year at USD 50.3 /barrel, went upward throughout the year to end 2021 at USD 77/barrel. At USD 70.9 /barrel, annual average of crude oil price was 69% higher than that in 2020. Global oil demand still remained short of the 2019 level despite the rise it has captured during the course of the year, and lagged behind 2019 in all markets except China.

Gasoline crack margins reached pre-pandemic averages upon the global loosening of restrictions. Middle distillates showed a rapid recovery in conjunction with recuperated demand in the third quarter of the year and this was reflected positively on refinery profitability.

Jet fuel, the hardest-hit product by the COVID-19 pandemic, saw gradual increase in demand. According to data released by the Energy Market Regulatory Authority (EMRA), jet fuel demand was up by 39% over the previous year to reach 3.4 million tonnes, gasoline consumption grew by 29% in keeping with increased mobility to 3.0 million tonnes, whereas diesel consumption increased by 4% to 26.3 million tonnes.

Developments in the LPG sector

Turkey is the 10th largest LPG market in the world and the 2nd largest in Europe. According to the World LPG Association (WLPGA) data released in 2021, Turkey

is the 2nd largest in the world in autogas consumption after Russia. Turkey also has the world's largest LPG vehicle fleet and the widest LPG station network.

According to EMRA's data LPG consumption was up by 1% year-over-year to 3.9 million tonnes, and the autogas market grew by 2% to 3.1 million tonnes, whereas cylinder gas market declined by 3% to 0.7 million tonnes in 2021.

In 2021, Turkey's total LPG demand was split as 80% autogas, 18% cylinder gas and 2% bulk.

Developments in the electricity sector

According to Turkish Electricity Transmission Corporation (TEİAŞ) data, in 2021 Turkey's installed power generation capacity increased by 3.9% to 99.4 GW. Private sector generation facilities operating in the free market comprised the lion's share with 68% of this amount, of which public generation plants accounted for a 21% share, and unlicensed plants had an 8% share in the total. The share of generation plants operating with the Build-Operate and the Build-Operate-Transfer model is 3%.

Of the installed power generation capacity, 32% consists of hydroelectric power plants, 26% of natural gas power plants, 20% of coal power plants, 10% of wind power plants, 8% of solar power plants and 4% of other renewable and thermal power plants.

The limit applied for the Last Resource Supply Tariff was decreased from 7 million kWh to 3 million kWh; in addition, with the decision taken at the end of 2021, the free consumer limit was reduced to 1,100 kWh.

The upper limit application in the market swap price introduced in October 2020 at Enerji Piyasaları İşletme A.Ş. (Energy Markets Operations Inc.) was revised to be thrice instead of twice the average price over the last 12 months starting from two months in advance, to be effective from October 2021.

The Koç Group in the Energy Sector

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

Companies and Domestic Positions

Tüpraş
Turkey's **biggest refining capacity**

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

Opet
#2 Fuel distribution company

Entek
A growing player in electricity generation

Competitive Advantages

- High refinery complexity
- A wide range of crude oil processing capability
- Close proximity to oil producers in the Middle East
- A strong logistics advantage with sea and rail transport fleet
- Further added value to the transmission and sales chain with the London-based trading company
- Qualified labor 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

49.0%
Free Float

51.0%
Enerji Yatırımları A.Ş.

Domestic Position

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

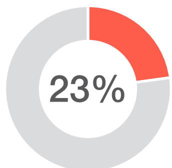
International Position

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

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
150,972	12,308	2,161	3,319
+139%	n.m.	n.m.	n.m.
(2020: 63,244)	(2020: -167)	(2020: -3,795)	(2020: -2,494)

Share of International Revenues



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

Non-financial Indicators

ESG Commitments

- GHG emissions reduction targets in Scope 1 and 2 (baseline year: 2017):
  - 27% in 2030
  - 35% in 2035
  - 49% in 2040
  - Carbon Neutral in 2050
- Commitment for % of women on board: 25%[1] in 5 years
- Target for % of women in new recruitments in 2022 is 50%.

International Platforms

- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)

Sustainability Indices

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

(1) Policy acceptance date: March 2021

Website
Annual Report
Sustainability Report

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

Sales volume in 2021 amounted to 27.6 million tonnes.

Tüpraş fulfilled its mission to meet our country's fuel need adhering to its safe facility understanding, and recorded an 88% capacity utilization rate with a total charge of 26.3 million tonnes, including crude oil and semi-finished products, and produced 25.1 million tonnes of products in 2021. While meeting most of the country's demand with 21.7 million tonnes of domestic sales, a total of 27.6 million tonnes of sales volume was achieved including international sales.

As a result of the better crack margins and the strong course of domestic and international sales in 2021, Tüpraş increased its operating profit. The inventory gain that resulted from the rise in Brent crude oil price has been another factor that backed the Company's profitability. Despite being a year of great difficulty for the economy, Tüpraş was able to maintain a strong balance sheet during 2021 that has been the scene to economic hardships, thanks to the effective financing policies it implemented.

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.

Strategic transformation roadmap was introduced to become carbon neutral by 2050.

The pioneer of energy in Turkey, Tüpraş announced its "Strategic Transformation Plan" on 24 November 2021, in alignment with the Carbon Transition Program launched by Koç Holding. Having espoused the mission of leading the transition of the energy sector in our country, Tüpraş plans to invest in new areas supporting its sustainability concept within the framework of its "Strategic Transformation Plan". At the same time, it targets to become a carbon neutral energy company with a well-balanced and diversified clean energy portfolio by reducing its emissions. In this transformation journey, the Company will be managing its existing assets with a sustainable and profitable growth-oriented approach.

During the first phase covering the years from 2022 to 2035 within the Plan, Tüpraş will invest in projects entailing:

- Energy efficiency and decarbonization projects that will enhance operational efficiency for sustainable refining and reduce Scope 1 and Scope 2 emissions,
- Production of biofuels, with a special focus on sustainable aviation fuel,
- Generation of zero-carbon electricity, principally through wind and solar power,
- Production of green hydrogen.

The investments of Tüpraş in the period covering the years 2022 through 2035 will add up to USD 5 billion and will be split as follows:

- USD 2.3 billion in sustainable refining,
- USD 600 million in sustainable aviation fuel,
- USD 1.3 billion in zero-carbon electricity, and
- USD 690 million in green hydrogen.

As part of the transformation plan, Tüpraş targets to reduce its Scope 1 and 2 emissions arising from its operations initially by 27% by 2030, 35% by 2035, and 49% by 2040 compared to 2017 baseline year, to finally become a carbon-neutral energy company in 2050.

Within the framework of this plan, Tüpraş will invest in energy efficiency, modernization, decarbonization and in increasing value-added products in the area of sustainable refining. It is forecasted that refining business will account for 90% of operating profit by 2030 and for 70% between 2030 and 2035.

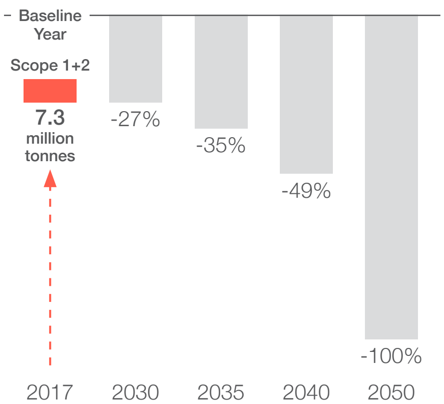
The Company foresees to process 400 thousand tonnes of bio feedstock by 2030, mostly for the production of sustainable aviation fuel through investments in biofuel, and targets to triple its sustainable aviation fuel production capacity by 2035.

On the zero-carbon electricity front, Tüpraş aims to become one of the leading companies through developments and potential acquisitions. While the Company intends to use a substantial portion of the electricity to be generated at the plants planned to be established for green hydrogen generation, it also targets to sell electricity occasionally for optimization purposes and for providing zero-carbon electricity to consumers.

A gradual switch to green hydrogen production will take place with the electrolyzers that will be installed from 2025 onwards, and all emissions from hydrogen production are targeted to be eliminated by 2040. In addition, Tüpraş also aims to capitalize on opportunities for selling green hydrogen to logistics and heavy transportation industries as a new, clean fuel.

Tüpraş aims to reduce its CO_2 emissions from its operations as shown in the figure and to become Carbon-Neutral by 2050, via the investments to be made and projects to be introduced within the frame of its strategic transformation plan.

Tüpraş's Plan to Become Carbon Neutral



Tüpraş acts as a responsible producer. Having achieved approximately 2 million GJ energy saving through 65 energy efficiency projects in 2021, Tüpraş reduced its CO_2 emissions by 2.5 million tonnes through 598 projects since 2008. The energy intensity index value used to measure the energy efficiency performance of the refineries in the world was decreased to 93.5 in 2021, translating into a 26 points improvement from 2008 to date.

Focusing on water efficiency, Tüpraş recovered and reused 120 million m³ of wastewater over the past six years. Water consumption per unit of processed crude oil reduced 22% in 2021.

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

In a bid to establish an effective sustainability management model, Tüpraş acts with an awareness of its spheres of economic, social and environmental impact in the geographies where it operates. When managing all these impacts, the Company's efforts revolve around the "value creation" principles that it has espoused.

Tüpraş regularly reviews its material topics within the scope of its strategies in order to identify its ESG risks and opportunities, as well as to respond to evolving stakeholder expectations and global trends. In this scope, the Company intends to announce the outcomes from its materiality analysis that will be revised in parallel with its Strategic Transformation Plan to its stakeholders during 2022.

R&D Environmental Sustainability Projects

The R&D Center plays a central role with its innovative projects and research activities in the carbon-neutral production of various types of energy within an integrated business model.

Tüpraş takes place as a partner in two Horizon 2020 projects on carbon capture and utilization:

- MOF4AIR (Metal Organic Frameworks for carbon dioxide Adsorption processes in power production and energy Intensive industRies) project is intended to develop innovative adsorbents that will effectively capture carbon dioxide to reduce carbon dioxide gas emissions from industrial processes.
- COZMOS (Efficient CO_2 conversion over multisite Zeolite-Metal nanocatalysts to fuels and OlefinS) project strives to develop innovative catalysts for efficient conversion of the carbon dioxide gas from industrial waste streams into high added-value products such as propane and propylene.

Both projects will be carried out through field tests to be conducted at Tüpraş.

Under the M.ERANET 2020 call by the European Union in relation to materials science and engineering, MOFAC2CAP (Development of Novel MOF Aerogel Composites to Capture CO_2) for which the two-stage international and national submissions have been completed, qualified for a grant. In the project, where Tüpraş will be acting as the international and national project coordinator, L'École normale supérieure (L'ENS) from France and Koç University from Turkey take place as partners. Under the MOFAC2CAP project, novel MOF/aerogel composites for selectively capturing carbon dioxide from CO_2-rich process gas mixtures and flue gases will be developed and synthesized, and carbon capturing performances will be tested in a lab-scale adsorption test system to be established within the scope of the project.

Conducted by the Middle East Technical University (METU) Petroleum Research Center, and its application completed in collaboration with Tüpraş and Türkiye Petrolleri Anonim Ortaklığı (TPAO), the project titled "Technical and Economic Search for the Optimum Business Model for Injection of Flue Gas/Carbon Dioxide to be Captured from Batman Refinery to Batı Raman Site" received a positive assessment and was found eligible to be funded under TUBITAK 1005 – National New Ideas and Products Research Funding Program, which is another program for carbon capture and utilization. The project will evaluate the technical and economical feasibility of capturing the waste carbon dioxide gas in flue gases released from the refining of crude oil at Tüpraş Batman Refinery, its transportation to the Batı Raman site, and its injection to the site using the enhanced oil recovery method. This is intended to reduce carbon dioxide emissions and also to sustain domestic crude oil production at the Batı Raman site.

EPC-EqTech (an innovative turnkey solution to process spent caustic created in the Oil&Gas industry at low-cost and that meets wastewater regulations) project qualified to be funded under the EICFTI-2018-2020: Fast Track to Innovation (FTI) call under the Horizon 2020 program, targeting to accelerate the commercialization of innovative technologies. Having kicked off in July 2021, the project targets to develop novel electrochemical technologies for processing spent caustic. In this project, Tüpraş will have the opportunity to test first-hand these technologies having the potential to significantly contribute to wastewater treatment at its Kırıkkale Refinery.

Developments in sustainability indices

Keeping a close eye on global developments and energy transition, Tüpraş takes part in the Green Deal Task Force set up under TUSIAD (Turkish Industry and Business Association) in relation to the European Green Deal. Having qualified to be included in various indices such as FTSE4Good, MSCI ESG Rating, BIST Sustainability Index (Refinitiv), Sustainalytics, Vigeo Eiris and Bloomberg Gender Equality as a result of the efforts of the Sustainability Agile Team in 2021, Tüpraş keeps undertaking initiatives for further cementing its position and continually improving its performance.

Forward-looking expectations

In 2022, the Mediterranean refining margin is projected to be at USD 2-3 per barrel and the Tüpraş net refinery margin to be at USD 4-5 per barrel. The Company targets approximately 26-27 million tonnes of production and a total sales volume of approximately 28-29 million tonnes.

Ditaş

Ditaş, 80% of which is owned by Tüpraş, carried out its activities throughout 2021 with a fleet of 14 tankers and a carrying capacity of approximately 701,000 DWT. The tug and mooring services required by Tüpraş are carried out with 13 tugs, six mooring vessels, three service vessels and one pilot craft.

Handing operational and cost advantages to Tüpraş drawing on its more than 45 years of experience, Ditaş carried 10.4 million tonnes of crude oil and 5.3 million tonnes of petroleum product. 93.3% of crude oil transportation and 95.7% of petroleum product transportation were carried out to fulfill the needs of Tüpraş refineries. Products transported for THY Opet and other distribution companies accounted for 1.1% and 3.2%, respectively, of total transportation handled by Ditaş in 2021.

Körfez Ulaştırma A.Ş.

Wholly-owned by Tüpraş, Körfez Ulaştırma transported 1.7 million tonnes of fuel and intermediate products while acting as an organizer in the transportation of 326,000 tonnes of iron ore in 2021. The share of road transportation in total road and rail transportation fell from 38% in 2017 to 6% in 2021. Seven hybrid locomotives Körfez Ulaştırma ordered in 2019 were delivered in December 2021. Emissions produced for carrying 1 tonne of a product for 1 kilometer is reduced to $1/4^{th}$ in diesel locomotives and $1/8^{th}$ in electric locomotives as compared to road transportation. In 2021, CO_2 emissions from Tüpraş shipments Körfez Ulaştırma carried out with its diesel locomotives were down by approximately 3,000 tonnes as compared to the previous year owing to the use of private railway tracks. Zero-carbon (Scope-1) shipments are intended to be achieved in shipments using hybrid locomotives on electric tracks. Work is carried out to monitor and reduce the GHG emissions resulting from operations in keeping with the “Carbon Neutrality by 2050” target. Accordingly, the company aims to reduce Scope-1 emissions arising from its operations by 45% by 2030.

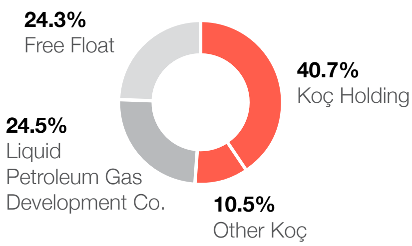
Tupras Trading Ltd

Pursuing its operations in the UK, Tupras Trading Ltd continued to contribute positively to Tüpraş’s activities with spot crude oil trading in addition to fuel oil trading activities. Tupras Trading Ltd intermediated the trading of over 7 million tonnes of products and spot crude oil deal for approximately 3 million tonnes needed by Tüpraş refineries in 2021.

The unwavering leader of the LPG sector

AYGAZ

Ownership Structure



Domestic Position

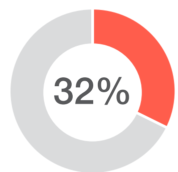
Leader of the LPG sector since its establishment in 1961

Leader in the overall LPG market with **25%** market share

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
15,893	556	697	670
+57%	+90%	+>100%	n.m.
(2020: 10,145)	(2020: 292)	(2020: 31)	(2020: -25)

Share of International Revenues



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

Non-financial Indicators

ESG Commitments

- Commitment for % of women on board: 25%[1] in 5 years

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Sustainability Indices

- BIST Sustainability Index

(1) Policy acceptance date: August 2021

Website

Annual Report

Sustainability Report

Founded in 1961 and having celebrated its 60th anniversary with all its stakeholders, Aygaz is the one and only publicly-held company engaged in the LPG sector. The Company ranks in the 27th spot in Turkey's largest industrial companies list released by İstanbul Chamber of Industry. According to an independent research study carried out since 2003, Aygaz consistently has the highest level of customer satisfaction of any brand in both the cylinder gas and autogas markets.

Aygaz continues to lead the sector with its effective dealer and distribution network.
Aygaz realized 2,245 million tonnes of LPG sales in 2021.

Providing services across Turkey with the Aygaz and Mogaz brands, Aygaz has more than 2,200 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 2021, the Company sold a total of 287,000 tonnes of cylinder gas.

Aygaz has Turkey's most extensive autogas distribution network of over 1,700 licensed autogas stations. The Company recorded 669,000 tonnes of autogas sales in 2021.

In 2021, Aygaz and its subsidiaries undertook TL 202 million in investment mainly in facility modernization, new autogas stations, cylinder, environment and safety.

Set up in 2019 within the scope of overseas operations, Aygaz UK London branch (Aygaz UK) carried on with its LPG trade.

Aygaz UK expanded its portfolio since its inception and reached a physical trading volume of 1.1 million tonnes in total, 660,000 tonnes of it in 2021, selling products procured from three different countries to eight different ones including Turkey through spot and chartered vessels. The London branch secured FOB terms for its purchases from the US, which is the world's biggest LPG exporter, thereby diversifying and strengthening procurement sources and methods of Aygaz and contributed to inventory price risk management.

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

Aygaz carries on with its sustainability efforts initiated in 2008 with the target of achieving compliance to the extent possible with relevant recognized best practices by closely monitoring the good practices in sustainability, including the principles set out in the Sustainability Principles Compliance Framework enforced by the Capital Markets Board of Türkiye (CMB) in 2020.

The matters that Aygaz manages as part of its sustainability efforts correspond to the principles stipulated in the non-mandatory Sustainability Principles Compliance Framework introduced by the CMB on a "comply or explain" basis, and the company has already achieved compliance with many of these principles. The company aims to work toward implementing the principles that it has yet to achieve full compliance with.

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.

Under the sustainability and compliance program, the company developed and publicly disclosed its “Donations Policy”, “Human Rights Policy”, “Anti-Bribery and Anti-Corruption Policy””, “Gift and Entertainment Policy”, “Supply Chain Compliance Policy” and “Board Diversity Policy”.

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 2021, Aygaz continued with its sponsorship of the Archeological Digs in the Ancient City of Sagalassos, İstanbul Theater Festival, Diabetic Children’s Camp, Beşiktaş Handball, Fenerbahçe Football and Tofaş Basketball teams.

Having established the first R&D Center of the LPG sector, Aygaz focuses on new product, machinery and process development and on alternative fuel and clean energy. With the support of TUBITAK, the R&D Center developed a sulfur-free odorant named GreenOdor, the world’s first for substituting the sulfur components used to odorize LPG, which is regarded as the “Fuel of the Future” and has low emission levels. With the introduction of the internationally registered GreenOdor product, it is intended to prevent 40 tonnes of sulfur emissions per year while further building on the reputation of Aygaz. Under the project, a total of 235 thousand tonnes of LPG was odorized using GreenOdor at Dörtyol and Yarımca Terminals in 2021, thus avoiding 4.5 tonnes of SOx emission on average.

A first in the cylinder gas market: Cylinder Loading Robot

The R&D activities that started in 2019 with the development of a 1⁄4 scale prototype of the Cylinder Loading Robot continued in 2020 for a large-scale Cylinder Loading Robot. This project aims to automate the cylinder loading process, which is typically performed manually by workers to load the cylinders on to the transportation vehicles of dealers and shippers. A Cylinder Loading Robot, which was launched at the Ambarlı Terminal, marked a very important first both for Aygaz and the sector, especially in terms of occupational health and safety.

Under Koç Holding’s 2050 Carbon Transition project, the company initially calculated its Scope 1 and Scope 2 emissions over the past five years in 2021. Carbon footprint intensity which was 1.75 - tCO_2e / million TL in 2020 was found to be 1.21 - tCO_2e / million TL in 2021.

Forward-looking expectations

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

Aygaz’s strategic priorities include:

Maintaining its leadership in the LPG sector by:
- Investing in the future with the responsibility of being reputable, reliable and the closest brand to the consumer,
- Keeping high safety standards and product quality in the foreground,
- Developing innovative products and services with solutions that focus on innovation and digitalization.

Achieving sustainable growth to carry Aygaz ahead by:
- Evaluating domestic and foreign acquisitions, merger and investment opportunities,
- Increasing efficiency in all processes from LPG procurement to sale,
- Aiming to create value for all stakeholders.

Aygaz targets to sell 280,000-290,000 tonnes of cylinder gas, and 690,000-720,000 tonnes of autogas in 2022.

United LPG Ltd.

Established in Bangladesh as a joint venture of United Enterprises, one of the country's largest companies to supply, fill and distribute LPG, and Aygaz, within the frame of Aygaz's international growth strategy, United LPG Ltd. started investments in 2021.

Bangladesh has the world's fastest growing liberal LPG market. The total market size, which was 148 thousand tonnes in 2015, is estimated to have reached 1.2 million tonnes [1] in 2021. With household consumption constituting 85% of total consumption, Bangladeshi LPG market had a combined annual growth rate (CAGR) of 35% in the said period.

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

In line with the business plan, the construction of the main terminal in Chittagong region, the country's largest port, was initiated in 2021, and momentum was given to procurement and assembly of the vehicle, machinery, equipment and storage investments of the facility based on agreements made with the industry's leading international suppliers. Work is underway for concurrent development and introduction of the technical infrastructure necessary for the operations.

The company's capital was increased from BDT (Bangladeshi Takas) 100 million to BDT 1,120 million (approximately USD 13 million). In 2022, it has been decided to increase the company's capital to BDT 2,140 million.

Sendeo Dağıtım Hizmetleri A.Ş.

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

The primary focus of Sendeo is to grow as a customer-oriented company that undertakes endpoint delivery and that can be reached 24/7 on the back of its constantly upgraded technological infrastructure and to be the sector's leader in terms of customer satisfaction. The company invested substantially for establishing its new technological infrastructure in 2021 and has captured the capability to execute endpoint delivery end-to-end through its own system infrastructure thanks to the in-house developed operational software. Operating in 16 cities as of year-end 2021, Sendeo targets to expand its presence to all 81 cities in the first quarter of 2022.

Koç Holding holds 45% and Aygaz holds 55% stake in the company's capital which was raised to TL 143.5 million in 2021. In 2022, it was decided to increase the capital of Sendeo to TL 423.5 million until 31 December 2022.

Aygaz Doğal Gaz

Established in 2004 and a subsidiary of Aygaz, Aygaz Doğal Gaz is engaged in the sale of natural gas through pipelines to eligible consumers. It also has wholesale, 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 0.3 billion m^3 in 2021.

1 Source: Energy & Power, December 2021, www.ep-bd.com

Opet provides superior products and services to its customers through its distribution network of 1,802 stations.

Ownership Structure

Domestic Position

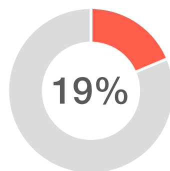
2nd in white products with **17.9%** market share

2nd in black products with **22.6%** market share

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
56,007	2,586	1,720	1,544
+45%	+403%	n.m.	n.m.
(2020: 36,623)	(2020: 514)	(2020: -51)	(2020: -102)

Share of International Revenues



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

Non-financial Indicators

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Website

Established by the Öztürk Family in 1992, Opet has been managed by the Öztürk Group and the Koç Group since 2002. The Company operates in the fuel distribution sector via retail sales, commercial and industrial fuel sales, storage and international product trade. With more than 900 employees, 1,802 stations including the Sunpet brand and 1.1 million m^3 of storage capacity, Opet manages an extensive service network throughout Turkey with 5 terminals and provides high-quality products and services to its customers.

Opet manufactures and markets mineral oil through its subsidiary Opet-Fuchs, a 50-50% partnership with the German mineral oil company, Fuchs. It also supplies and sells jet fuel via THY-Opet, a 50-50% partnership with Turkish Airlines. The company operates in gas station operation via Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş.

Opet maintained its number 2 position in 2021.

Opet achieved sales growth in line with the market during 2021. The Company ranks second with a 17.9% market share in white products and 22.6% in black products.

THY-Opet, which serves a number of domestic and international airlines in all airports throughout Turkey, reached jet fuel sales of 785,902 m^3 in 2021.

Leading the way with its social awareness projects

Regarding social responsibility projects a part of its job, Opet aims to produce permanent solutions to issues with its initiatives that it refers to as “Conscious Society Projects”. Important steps are being taken with regard to community health with the “Clean Toilet Campaign” that has been ongoing for 21 years, the importance of which has been even better understood during the pandemic and which supports creation of countrywide awareness of hygiene and cleanliness. Under the “Green Road Project” commenced in 2004, plantings attuned to the climatic conditions have been carried out at gas stations, in their surroundings, and in bare areas determined by the municipalities. The “Model Village Project” was initiated in 2005 with the aim of helping villages become self-sufficient, capitalizing on their historical, geographical and cultural potential. “Respect for History Project” was launched in 2006 to give the historic Gallipoli Peninsula a contemporary appearance while preserving its natural texture. Within the scope of rehabilitation efforts and conceptual studies for the villages in the vicinity of the Ancient City of Troy, the “Tevfikiye Archeo-Village” and “Çıplak Ethno-Village” projects were carried out. The “Traffic Detectives Project”, which aims to transform prospective drivers into competent drivers who thoroughly know the traffic rules, has been ongoing since 2013. The “Women Power Project”, designed to increase women’s employment at Opet stations and eliminating gender stereotyping in workplaces, has been generating a social impact in terms of social gender equality and employment since 2018. In 2021, the company launched the “Clean Business Project” in collaboration with the Union of Chambers and Commodity Exchanges of Turkey (TOBB) Women Entrepreneurs Council and Ministry of National Education Directorate General of Lifelong Learning. Entailing free-of-charge training programs to business owners wishing to establish enhanced hygienic standards and to their employees, the project is intended to result in increased hygiene capacities and preference for these businesses.

Forward-looking expectations

Opet’s main priority is to maintain customer satisfaction while growing above the sector without compromising profitability. 2022 is expected to be a year of investments in line with these objectives.

In line with this strategy, the company will continue to expand across the country in the Ultramarket project, which is one of the non-fuel development areas that the company initiated in 2019. Furthermore, the Company will pioneer novelties in areas beyond fuel oil such as dealer network logistics planning and electronic payment systems.

The company’s plans for 2022 also include evaluation of renewable energy projects and undertaking a restructuring to accommodate electric vehicle charging stations.

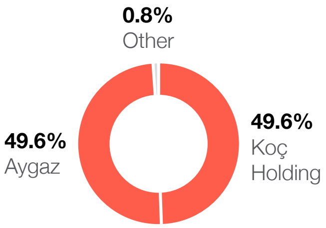
Opet aims to be the pioneering company in its sector in this field by continuing to take decisive steps within the scope of the digital transformation.

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

ENTEK

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

Ownership Structure



Domestic Position

436 MW total installed capacity
8 hydroelectric power plants
1 wind power plant
1 natural gas combined cycle power plant

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
1,769	299	197	177
+40%	-9%	+17%	+22%
(2020: 1,257)	(2020: 330)	(2020: 168)	(2020: 145)

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

Non-financial Indicators

ESG Commitments

- Target for % of women employees: 60% by 2026 in corporate and executive positions

Website

Sustainability Report

One of Turkey's first private sector auto-producer companies, Entek was established in 1995 with the purpose of supplying electricity and steam to its customers. The Company, which started production in December 1998, has a total installed capacity of 436 MW. Entek generates electricity via eight hydroelectric power plants (HEPPs) with a total capacity of 264 MW located in Kahramanmaraş, Karaman, Samsun and Mersin, one 60 MW wind power plant (WPP) in Edirne, and one 112 MW natural gas combined cycle power plant in Kocaeli.

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

The Kocaeli plant carried on with its operations while undertaking projects to increase productivity. In 2021, in order to effectively and profitably manage its expanding customer portfolio and to increase the plant's operational flexibility to accommodate the changing marketing conditions at the same time, the 15 MW steam turbine was re-licensed, and the installed capacity of the plant was increased to 112 MW. Kılavuzlu HEPP and Süloğlu WPP, which are in the Entek portfolio, are eligible for YEKDEM (Renewable Energy Resources Support Mechanism) FC-indexed revenue until year-end 2023 and year-end 2025, respectively.

The first step into the wind: Süloğlu WPP
Aiming to grow in the field of renewable energy and to diversify its portfolio currently composed mostly of hydroelectric sources, Entek acquired its first wind power plant with the investment made in 2021 in Süloğlu WPP located in Edirne. Its acquisition finalized on 4 August 2021, Süloğlu WPP is regarded as an important step for the Koç Group's strategy to grow in sustainable and renewable energy resources.

In 2021, Entek realized total sales of approximately 2.7 billion kWh and booked of TL 1,760 million in consolidated revenues.

Forward-looking expectations
In the period ahead, Entek plans to carry on with its power generation investments and acquisitions with the aim of achieving a well-balanced portfolio composition and increased market share, and to take advantage of opportunities presented by the advancing technologies in the energy field and retail sales.

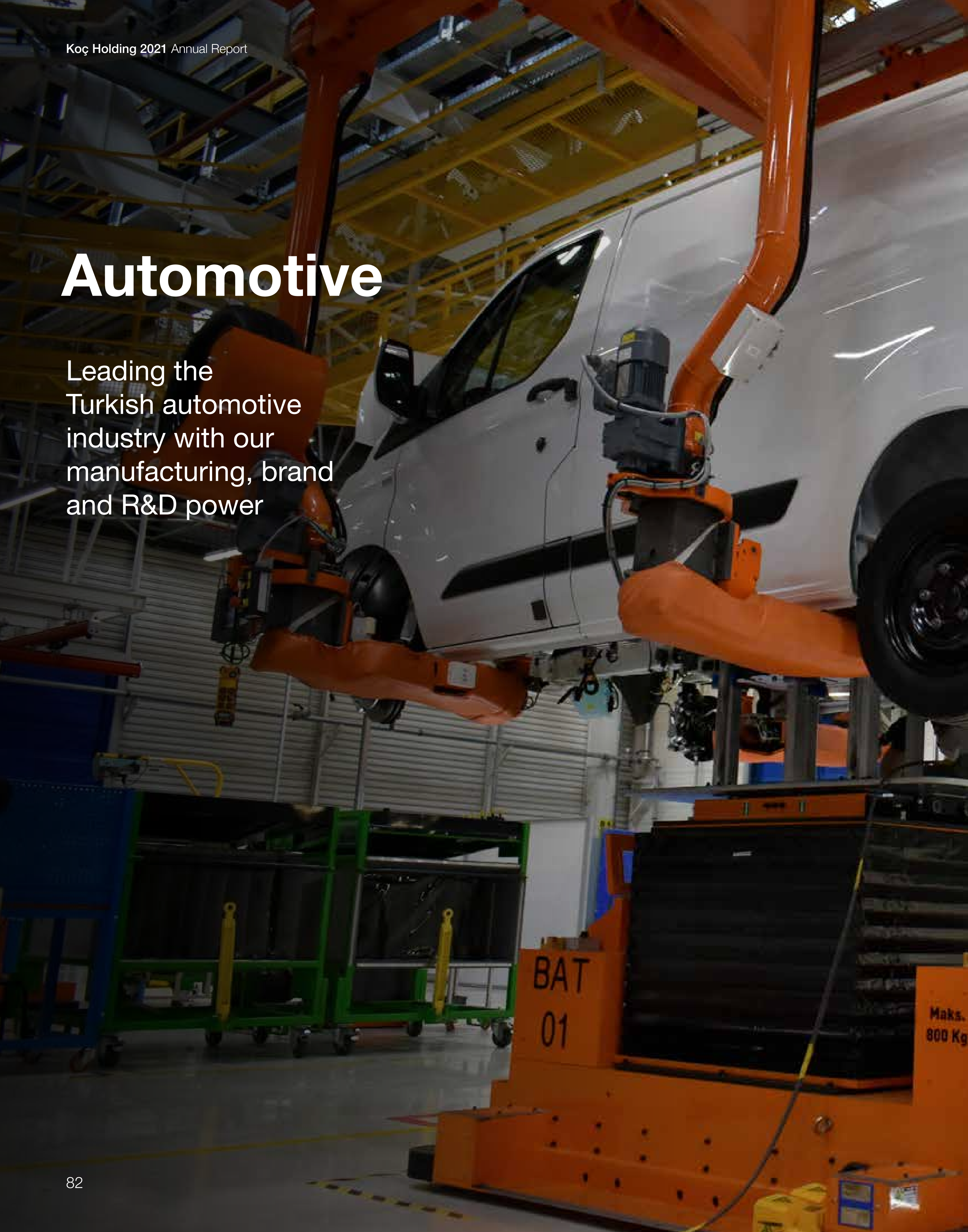
As being included in the Carbon Transition Program, which was launched by Koç Holding to become carbon-neutral by 2050 and which covers concrete and feasible steps for combating the climate crisis, Entek takes the necessary actions within the scope of this project.

Taking a different position than previous years, the company targets to grow in renewable energy not just within Turkey but also in foreign countries. Entek deals with renewable energy projects at operational and development phase in its prioritized markets to penetrate different geographies and distribute its risks, while continuing to capitalize on the opportunities materializing in our country.

The progress the EU achieved in relation to the Green Deal and Turkey's having become a stakeholder in the Paris Climate Agreement in 2021 will kindle an increased interest in decarbonization in the coming period. Therefore, activities in energy solutions are anticipated to increase, along with the business volume in this field.

Automotive

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




arka

Automotive

Developments in the automotive sector

2021 has been marked with global interruptions in the supply of semiconductors. According to the Automotive Manufacturers Association (OSD) data, total automotive sales in Turkey declined by 3% to 772,722 units in 2021. Passenger car sales were down by 8% year-on-year to 561,853 units, while light commercial vehicle sales increased by 14% to 109,926 units. Heavy commercial vehicles sales, on the other hand, expanded by a strong 51% to reach 35,372 units.

In Europe, Turkey's most important export market, demand for passenger cars declined by 2% whereas demand for light commercial vehicles picked up by 10%. According to OSD data, Turkish automotive exports was up by 2% year-on-year in terms of units in 2021 to end the year at 937,005 units, while export revenues in the sector came in at USD 29.9 billion, marking a 15% rise on an annual basis. The automotive sector remained the leading industry in Turkish exports.

Turkey had production suspensions in 2021 caused by the issues in the supply of semiconductors. Automotive production decreased by 2% on an annual basis to drop to 1.3 million units.

In 2021, the Turkish bus market increased by 8% compared to the previous year, despite contraction in intercity bus segment. Total bus exports, on the other hand, declined by 24%.

Developments in the tractor market

Turkey is Europe's third largest market in terms of the number of tractors sold. According to the data released by the Turkish Statistical Institute (TurkStat), the Turkish tractor market reached a volume of 64,070 units in 2021, exhibiting an increase of 33% compared to the previous year.

According to figures published by The Turkish Association of Agricultural Machinery & Equipment Manufacturers (TARMAKBIR), exports rose by 26% to be realized at 18,430 units.

Developments in the defense industry

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

The Koç Group in the Automotive Sector

45% of Turkey's automotive production and 43% of its exports are carried out by the Koç Group companies.

Companies and Domestic Positions

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

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

TürkTraktör
#1 in Tractors

Otokar
#1 in Buses

Otokoç
#1 in Automotive retailing
#1 in Car rental

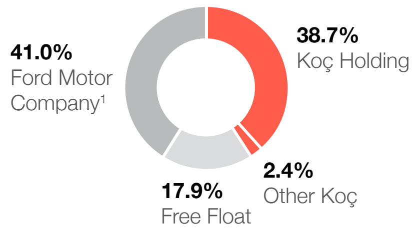
Competitive Advantages

- Economies of scale and leadership positions
- High growth potential due to low penetration of vehicle ownership
- 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
- 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

Realizing 77% of Turkey's commercial vehicle exports, Ford Otosan has remained Turkey's leading exporter for the 6th consecutive year.

Ownership Structure



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

Domestic Position

3rd in total vehicle sales with a **9.7%** market share

Leader in commercial vehicles with a record **29.8%** market share

International Position

Exports to **85 countries across 5 continents**

Accounts for **77%** of Turkey's commercial vehicle exports

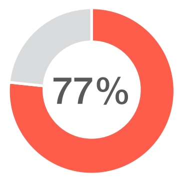
Ford's **highest commercial vehicle market share** in Europe

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

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
71,101	8,626	8,687	8,801
+44%	+93%	+111%	+110%
(2020: 49,451)	(2020: 4,476)	(2020: 4,108)	(2020: 4,195)

Share of International Revenues



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

Non-financial Indicators

ESG Commitments

- By 2035
  - 76% reduction in Scope 1 and 2 emissions (baseline year: 2017)
  - 50% reduction in Scope 3 emissions, which includes emissions related to the use of products sold (baseline year: 2019)
- Target for % of women in new recruitments:
  - 25% in field workers
  - 50% in office workers

International Platforms

- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- UN Global Compact (UNGC)

Sustainability Indices

- BIST Sustainability Index
- Bloomberg Gender Equality Index
- FTSE4Good

Website   Annual Report   Sustainability Report

Established in 1959, today Ford Otosan is Ford's largest commercial vehicle production hub in Europe and Turkey's largest exporter. The Company is the largest automotive manufacturer in Turkey with a production capacity of 455,000 commercial vehicles, 70,000 engines, and 140,000 powertrains.

Ford Otosan has operations in three main centers; Kocaeli (Gölcük and Yeniköy plants), Eskişehir (Eskişehir plant) and İstanbul (Sancaktepe R&D center and spare parts warehouse). It has the largest workforce in the Turkish automotive sector with 13,724 employees and 1,688 R&D employees. The Company is a global engineering hub for Ford's heavy commercial vehicles and related diesel engines and engine systems as well as a global support center for design and engineering of light commercial vehicles. Ford Otosan commands all the experience, capabilities and infrastructure necessary to design, develop and test a complete vehicle with all its processes, including the engine.

Ford Otosan manufactured the 6 millionth vehicle in its history.
The largest commercial vehicle manufacturing hub of the Ford brand in Europe, Ford Otosan manufactured 348,029 vehicles in 2021. Capacity utilization rate was 88% at Gölcük Plant and 76% overall. Ford Otosan realized 27% of the total vehicle production in Turkey and 71% of total commercial vehicle production.

Production was suspended at Ford Otosan plants due to the global problems experienced in the supply of semi-conductors during the reporting period. In this process, Ford Motor Company, one of the principal shareholders, prioritized Ford Otosan among the Ford production

centers, a decision reflecting the importance it attaches to the commercial vehicles business line. The successful operational planning and solid financial management of Ford Otosan minimized the implications for the Company.

Ford Otosan is an unwavering leader in the Turkish commercial vehicle market and Turkey's leading exporter.
Ford Otosan has pressed ahead with its profitable growth strategy in commercial vehicles, maintaining its undisputed leadership with a 29.8% market share. It also continued to implement its profit-oriented strategy in passenger cars, realizing a market share of 2.5%. According to figures released by the Automotive Distributors Association, the Ford Tourneo Courier earned the accolade of being the "Best-Selling Light Commercial Vehicle Model of the Year" and Ford became the "Best-Selling Light Commercial Vehicle Brand of the Year".

Ford brand retained the title of being the leader in European commercial vehicle market for the 6th year by reaching its highest-ever market share with 14.7%. Ford Otosan plays a pioneering role in this success, manufacturing 74% of the Transit series vehicles sold in Europe. Although vehicle availability was weak in Europe during the year due to the semiconductor issue, high demand for Ford vehicles was sustained and exports went up by 14% to reach 288,514 units. Realizing 77% of Turkey's commercial vehicles export, Ford Otosan has been Turkey's export champion for the sixth year in a row.

Ford Trucks captured the highest production and sales quantity in its history.
Ford Trucks registered 12,745 units in production and 12,476 units in sales, marking the highest-ever numbers of all time in both respects. Ford Trucks successfully doubled its international truck sales and assigned distributors to Germany and France, which are the first and second markets in Europe in terms of size, remaining adhered to its strategy of growing in international markets. In the domestic market, the Company increased its sales by 32% to capture 26% market share.

Turkey's first and only domestic transmission box gets on the production line.
With the first and only domestic transmission box designed and developed by its in-house engineers, Ford Otosan has joined in the ranks of global truck manufacturers developing and producing all three of engine, shaft and gearbox. Thus, the localization rate of produced components in heavy commercial vehicles manufactured by Ford Trucks in Eskişehir reached the order of 90%.

Ford Otosan will carry out the co-manufacturing of the new-generation 1 tonne van at its Kocaeli Plants.
Under the "Manufacturing and Supply Agreements" executed by and between Ford Otosan and Ford Motor Company on 16 March 2021, Ford Otosan will commence the manufacturing of the diesel, plug-in hybrid electric and all-electric variants of the "New Generation Ford Transit Custom" family, a one-tonne van, at its Kocaeli Plants from the first half of 2023.

In addition, under the strategic alliance of Ford Motor Company and Volkswagen AG, VW AG's new-generation one-tonne commercial vehicle will also be manufactured by Ford Otosan. In this context, Ford Otosan will invest EUR 1,390 million over the course of the next 5 years and establish an annual average production capacity of 405,000 units of one-tonne commercial vehicles to replace the current 180,000 units capacity for similar products. The investment will be realized within the scope of the Project-Based Government Support of TL 20.5 billion received for the New Generation Commercial Vehicle Projects announced on 4 December 2020, under which Ford Otosan's production capacity will be increased to 650,000 units.

Ford's first all-electric commercial vehicle E-Transit will be manufactured at the Gölcük Plant.
Ford's first all-electric commercial vehicle E-Transit will be manufactured by Ford Otosan at the Gölcük Plant. The vehicle will be introduced to the market in the second quarter of 2022.

Ford Otosan to establish Turkey's first battery assembly plant
As part of the Turkish automotive sector's largest investment program announced at year-end 2020, Ford Otosan will bring its battery assembly plant with a capacity of 130,000 units into operation in 2022, which will pave the way for being Turkey's first and only integrated electric vehicle production facility.

All-electric "Rakun" will be manufactured at the Eskişehir Plant.
Rakun Mobilite company has been established in 2021 as a wholly-owned subsidiary of Ford Otosan to develop innovative products and technologies that will respond to the needs in mobility.

Along this line, it is targeted to start the production of two- and three-wheel all-electric Rakun vehicles, which will serve to endpoint delivery as a light mobility solution, at the Eskişehir Plant in 2022.

One of the most sustainable dividend payers on BIST.
In 2021, Ford Otosan paid out the highest dividends in its history with TL 3,576 million in total, which was paid in two phases. All in all, dividends distributed by Ford Otosan since 2004 to date amounted to USD 4.5 billion.

Sustainability Approach at Ford Otosan

At Ford Otosan, all sustainability efforts are managed by the Sustainability Committee. The Committee's responsibilities include establishing and implementing the strategy and policy for improving sustainability performance in environmental, social, governance and economy topics, as well as execution of the activities in a well-organized and systematic fashion. Ford Otosan Sustainability Committee is headed by the General Manager, who is at the same time a member of the Committee. A thorough analysis has been conducted to identify the material topics that Ford Otosan needs to focus on in relation to sustainability, and the priorities of stakeholders have been determined.

As a result of the materiality analysis, topics of the utmost priority and of high priority were revealed in 2021. As being included in the Carbon Transition Program, which was launched by Koç Holding to become carbon-neutral by 2050 and which covers concrete and feasible steps for combating the climate crisis, Ford Otosan takes the necessary actions within the scope of this project. Long-term targets set along this line will be made public within 2022.

Ford Otosan is included in Borsa İstanbul Sustainability Index, FTSE4Good and Bloomberg Gender Equality indices. The Company is a signatory to the UN Global Compact. It responds to climate and water programs of the Carbon Disclosure Project (CDP). It has been

actively responding to the Dow Jones Sustainability Emerging Markets Index (DJSI) for the past three years. The Company's Sustainability Reports are prepared according to the "Core" option under GRI Standards.

A living model of the plants of the future, Ford Otosan Gölcük Plant has been one of the four automotive plants and the only Ford plant to be included in the Global Lighthouse Network in 2020, enabled by its Industry 4.0 initiatives that it has stepped up since 2015.

Eskişehir and Kocaeli Plants earned "Zero Waste Basic Level Certification" for the effective zero waste management in place as a result of the audits conducted pursuant to the Zero Waste Regulation.

Kocaeli Plants, Eskişehir Plant, Sancaktepe location all hold Green Office Diplomas.

Ford Otosan endorses with internationally recognized certificates that it has been supplying 100% of the electricity consumed at its Gölcük, Yeniköy and Eskişehir sites from renewable energy sources since 2020.

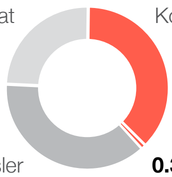
Forward-looking expectations

The Turkish automotive sector is projected to register a moderate growth in 2022 due to possible weak availability of vehicles and increased vehicle prices in connection with the exchange rates, combined with the pent-up demand. Ford Otosan's export volumes are expected to see a strong increase on the back of the continued positive impact of e-commerce in the European commercial vehicle market, increasing tendency to replace the existing fleets with zero-emission vehicles, as well as the continued demand for Ford's commercial vehicles. Profitability, on the other hand, will continue to be supported by a combination of cost-cutting measures and pricing discipline.

TOFAŞ
TÜRK OTOMOBİL FABRİKASI A.Ş.

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

Ownership Structure



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

Domestic Position

In the Automotive Sector:
With **16.4%** market share, Fiat is the leading and **the most preferred brand (for 3 consecutive years)**

Most preferred automobile (for 6 consecutive years)
Fiat Egea Sedan

Most preferred light commercial vehicle
Fiat Doblò

Highest share of local production in the sector
97% share in total sales

17% of the total production in Turkey
with 228,544 units

International Position

12% of Turkey's **total automotive exports**

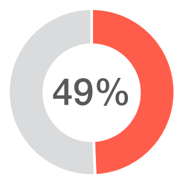
Advanced R&D center with new vehicle development competence and responsibility within the Stellantis Group

Exports to the American and NAFTA markets with the Doblò model

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
29,684	4,561	3,512	3,281
+26%	+105%	+92%	+84%
(2020: 23,557)	(2020: 2,228)	(2020: 1,831)	(2020: 1,784)

Share of International Revenues



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

Non-financial Indicators

ESG Commitments

- Reduction of Scope 1 and 2 greenhouse gas emissions from production by 25% by 2026 (baseline year: 2019)
- Target for ratio of women employees by 2026:
  - Total 35% (2021: 25%)
  - Senior executives: 15% (2021: 11%)

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Sustainability Indices

- BIST Sustainability Index
- CDP Climate, Water & Forests

Website | Annual Report | Sustainability Report

Tofaş, which dates back to 1968, is one of Turkey's leading industrial companies with an annual production capacity of 400,000 vehicles, nearly 7,000 employees, a broad network of dealers and far reaching R&D and product development capabilities. Fiat brand is the leader of the Turkey's automotive market.

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

Tofaş retained its leadership in the Turkish market despite the trying conditions presented by 2021 and achieved 16.9% market share in the Turkish passenger car and light commercial vehicle segment. In the domestic market, Tofaş ranked 2nd with a 13.0% market share in passenger car sales and a 27.4% market share in light commercial vehicles. Fiat brand has been the market leader for the third year in a row in terms of total sales of passenger cars and light commercial vehicles with a 16.4% market share by selling 121,254 vehicles that is 40,000 vehicles higher than its closest competitor.

In 2021, Tofaş reached a production volume of 228,544 units despite the challenges in the supply chain in connection with the material availability issues that impacted the global automotive industry. The Company performed better than its competition in terms of production continuity, with the additional support drawn from its agile organizational structure. Tofaş was accountable for 12% of the Turkey's total automotive exports with 112,465 vehicles.

The Automobile of the Year in Turkey: Egea

Egea Sedan, production of which started at the end of 2015, retained its position as the most preferred vehicle in Turkey, in a repeat of the rankings of the preceding five years, achieving a market share of 9% in 2021 with 50,000 cars sold.

The latest addition to the family, Egea Cross has been the second most popular model within the Egea line with a sales figure of 19,000 cars that translated into a 3% market share.

Other members of the Egea series, Hatchback and Station Wagon, sold 2,500 units and 500 units, respectively.

Egea Cross also won the "The Automobile of the Year in Turkey 2021" award organized by the Automotive Journalists Association (OGD).

A true connectivity service: Fiat Yol Arkadaşım Connect

Tofaş is also the one and only tier-I manufacturer offering a true connectivity service in Turkey with "Fiat Yol Arkadaşım Connect", which provides drivers and fleet managers with life-easing safety and health features. It also creates value for its customers with various practices including insurance services linked to usage.

Targeting to be a global company generating value and pride for its stakeholders

Tofaş targets to maintain its sustainable success as a global company that generates value for its customers and that its employees and business partners are proud to be a part of.

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

Publishing the first sustainability report in the Turkish automotive industry in accordance with the GRI G4 standard in 2014, Tofaş succeeded in being the first Turkish company to be included in the CDP Global climate leaders list. With its pioneering identity in the industry and the goal of being prepared for a zero-carbon future, Tofaş continues to work in line with the roadmap it follows, by including all its stakeholders in the process, within the framework of its business model based on sustainable future strategies.

Compliance with the requirements of the Green Deal is addressed as part of this program. Under the action plan, continuous improvement efforts are undertaken to reduce GHG emissions in all aspects of production activities. 8.5% improvement was achieved in this sense in 2021 as compared to 2020, avoiding GHG emissions equivalent to 8.3 kilotonnes CO_2. Tofaş targets to reduce its emissions stemming from production by 50% by 2030.

Thanks to its R&D capabilities that increased with the new test areas introduced in 2019 and 2021 with an investment worth EUR 10 million, Tofaş carries out the development activities and investments for the all-electric and hybrid versions in line with the electrification strategies of the Stellantis Group.

Tofaş regards supporting sustainability along the value chain as an integral part of its roadmap. Along this line, the company deploys the principles of low-carbon economy and usage of ecological technologies launched to back climate action across its suppliers. Within the scope of the "Green Procurement" movement commenced in 2017, nearly 50% improvement was attained as a result of environmental impact reduction efforts carried out with the first group of suppliers selected from different sectors. In line with the UN Women's Empowerment Principles (WEPs) that it

has become a signatory to in 2017 within the scope of its extensive sustainability initiatives, as well as with the Tofaş Code of Ethics, Tofaş considers all differences in gender, age, ethnicity, faith, lifestyles and expressions, mental and physical traits as wealth. By 2026, Tofaş aims to bring the ratio of women employees to 35% of the total employees, and to increase the ratio of handicapped employees by 40% as compared to the current situation. Tofaş will persevere with its comprehensive sustainability efforts, which also include its target to reduce its long-term carbon footprint.

Forward-looking expectations

Prioritization of environmental and social values, as well as economic values, by its employees and all its stakeholders within its sphere of influence makes the building block of the sustainability concept of Tofaş. Tofaş takes a lifelong approach to the company activities to disseminate the sustainability culture and awareness across all its processes and stakeholders. The Company enhances its existing activities within risk-based management model in accordance with environmental and social values that constitute the main components of sustainability.

The top priority of Tofaş in the context of sustainability is to create a constantly upgraded and value-generating management model.

Koç Fiat Kredi

Koç Fiat Kredi's total loan portfolio stood at TL 4.37 billion with TL 4.8 billion provided for the purchase of around 49,500 cars during the year, financing 55% of Tofaş's retail sales.

Koç Fiat Kredi continued to fund its growing loan portfolio through bank loans and issuances of bonds. Funds secured through bank loans amounted to TL 3.2 billion as of the end of 2021. The securities issued had a nominal value of TL 490 million.

The Company's NPL ratio was down from 2.48% at year-end 2020 to 1.53% at year-end 2021 on the back of successful collection performance, low cut amounts enforced by the regulatory framework, and rising lending portfolio.

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

Forward-looking expectations

Koç Fiat Kredi aims to sustain the increasing efficiency in business processes with its technology projects commenced in 2021 and slated for completion in 2022.

The modernization of the Company's infrastructure will be carried on, and the first phase of the project, which is migration of the after-sales database to the micro service architecture, will be brought to completion. This will result in higher system reliability and regulatory compliance, as well as transition to a more productive, faster and more flexible operating system.

Taking into consideration the positive impact of CRM campaigns backed with AI and machine learning had on customer recovery ratios in 2021, similar technologies are intended to be used for cross-selling purposes to create value in the years ahead.

Having posted TL 131.6 million in net profit as of 31 December 2021, Koç Fiat Kredi targets to preserve its profitability through increased automotive sales, retained share of financing companies within total auto loans and higher operational efficiency to be achieved from new technology investments, while continuing to support Tofaş's sales.

TürkTraktör

TürkTraktör is the sector leader by far for 15 years.

Ownership Structure

Domestic Position

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

67% of Turkey's **tractor production**

88% of Turkey's **tractor exports**

International Position

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

The sole production center of Utility Light series tractors and transmissions

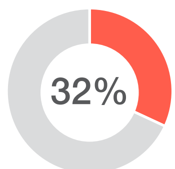
The sole engineering and production center for TD series transmissions

The main production center of S8000 series engines

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
11,644	1,618	1,510	1,322
+87%	+68%	+73%	+70%
(2020: 6,243)	(2020: 965)	(2020: 874)	(2020: 776)

Share of International Revenues



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

Non-financial Indicators

International Platforms

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

Sustainability Indices

- BIST Sustainability Index
- Sustainalytics ESG Rating
- FTSE4Good

Website

Annual Report

Sustainability Report

Having started its industrial operations in 1954, TürkTraktör boasts an annual production capacity of 50,000 tractors at its Ankara and Erenler plants combined, along with 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 established itself firmly among Turkey's most important enterprises with exports to more than 130 countries. Having been engaged also in the construction machinery segment since 2013, the Company serves its customers with its countrywide dealer network and efficient after-sales services.

Sustained leadership of the Turkish tractor market unbroken in its 15th year

In 2021, TürkTraktör sustained its leadership in Turkey, the 4th largest tractor market in the world. It has been the market leader in 23 of the last 35 years, and extended its unbroken run of leadership in the market for a 15th year in succession. As at year-end 2021, it has captured 43% share with its market-leader New Holland brand, and 9% share with its Case IH brand that ranks second in the market.

Having broken historic records in production and exports, TürkTraktör's one-millionth tractor got off the manufacturing line.

Having signed its name under a historic record with 48,650 tractors manufactured and 16,176 tractors exported in 2021, TürkTraktör single-handedly realized 67% of the tractor production in Turkey and 88% of Turkey's tractor exports.

In addition, being the first manufacturer in the Turkish automotive industry to still be in operation, TürkTraktör authored a major achievement by producing its millionth tractor during the reporting period.

TürkTraktör completes two years in domestic construction machinery production.

Having started production of domestic backhoes at its Ankara Plant at the onset of 2020, TürkTraktör undertakes manufacturing for New Holland and Case brands at the facility that has an annual production capacity of 1,000 units. Besides locally produced backhoes, the Company offers its customers a broad array of construction machinery from different segments covering excavators, wheel loaders, mini excavators, mini loaders and telehandlers of New Holland and Case brands.

New products offered to farmers

Having aligned its existing product range and all the recently introduced models alike with the Tractor Mother Regulations (TMR), TürkTraktör continues to offer the farmers security and maximum comfort in driving.

During the reporting period, TürkTraktör began offering to the domestic market tractors with less CO_2 emissions enabled by high-performance engines having Tier 3B and Tier 4 emission levels, and exporting tractors aligned with Tier 4 and Tier 5 emission standards guidelines.

In addition, within the scope of new product development efforts, the Company launched the New Holland T3F series for exports and the New Holland T3B series for the domestic market in the orchard segment.

TürkTraktör keeps supporting digital transformation in agriculture.
Carrying on with its efforts to facilitate the mechanization of Turkish agriculture and farmers and to support increased productivity, TürkTraktör collaborated with Trimble, the world's leader brand in precision agricultural technologies. Having become the Turkey sales distributor of the brand which is widely used worldwide in regions where agriculture is managed professionally, TürkTraktör keeps supporting the digital transformation targeted for the Turkish agriculture with this partnership with Trimble. Automatic steering systems, flow control systems and farm management systems covered under precision agricultural technologies minimize the errors in farming activities and help reduce input costs.

TürkTraktör published its first sustainability report.
Carrying out its activities with the goal of being a company respectful of the environment and the society committed to leaving a livable world to the future generations, TürkTraktör published its first sustainability report in 2021.

Attaching importance to all its stakeholders' opinions, TürkTraktör identified its areas of focus with respect to environmental, social and governance topics and its sustainability priorities on the basis of a widely-participated materiality analysis and developed its strategic roadmap accordingly.

TürkTraktör regularly monitors its performance in relation to its GHG emissions on an annual basis; calculates, tracks and reports them according to ISO 14064 GHG Accounting method, and has them verified by accredited institutions.

As being included in the Carbon Transition Program, which was launched by Koç Holding to become carbon-neutral by 2050 and which covers concrete and feasible steps for combating the climate crisis, TürkTraktör takes the necessary actions within the scope of this project. In this framework, the Company obtained ISO 14064 certification and had its Scope 1 and Scope 2 GHG emissions verified. The Company targets to reduce its Scope 1 and Scope 2 GHG emissions by 15% by 2023, by 50% by 2030 as compared to the 2019 baseline year, and to make both plants carbon-neutral by 2050.

Considering water and energy consumption risks among the key elements of sustainability management, TürkTraktör carries out its relevant activities with a holistic approach. Within the water saving projects undertaken in 2021, the Company identified its priority as reuse of used water and saved 17,750 m³ of water by reusing treated water. Furthermore, a rainwater collection system was set up, whereby 1,500 m³ of water was saved to be mainly used for garden irrigation. With the I-REC (International Renewable Energy Certificate) obtained for Ankara and Erenler plants, it was endorsed that the purchased electricity is sourced 100% from renewables and GHG emissions arising from electricity was offset.

TürkTraktör is keen on equal opportunities, gender equality and inclusion, and reflects the same attitude in all aspects. Policies are established for supporting equal representation of women and men in business and for empowering women in the social arena, and equal opportunity principle is practiced in recruitment. Having integrated Women's Empowerment Principles (WEPs) signed in 2017 in its activities, TürkTraktör, based on the initiatives undertaken, increased the number of women employees by 10% at year-end 2021 year-over-year to 297.

Working towards getting the Turkish agriculture ready for the future by transforming it, TürkTraktör has become a signatory of the UN Global Compact along this line in 2021.

A manifesto spelled out for the future of Turkish farming

Aiming to be at the side of farmers and supporting them at every step of sustainable agricultural production based on its vision of being the company that steers modern agriculture, TürkTraktör declared this purpose in the manifesto published in 2021. According to the TürkTraktör Manifesto spelled out within the frame of its responsibility toward agriculture and digitalization and consisting of five articles, the Company will:

- Step up its efforts for increased and wider use of technology in agriculture,
- Conduct projects for reinforcing Turkish farmers' perception of the environment and climate change,
- Carry on with R&D activities to develop agricultural equipment that will secure increased productivity in farming,
- Expand initiatives seeking to protect the nature and the Turkish agriculture,
- Increase society awareness efforts relating to sustainability.

Forward-looking expectations

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

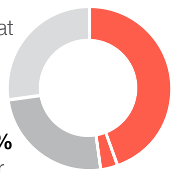
Continuing its activities with the confidence and experience bestowed upon it by being the first manufacturer in the Turkish automotive industry, TürkTraktör focuses on producing for the Turkish and world farmers being a company that has been leading modern farming since 1954, and preserving its pioneering identity in all departments. Based on this approach, the Company aims to bring new products, solutions and services to its customers and retain its leadership position.

Having used the AGV (Automated Guided Vehicle) system on a construction machinery manufacturing line for the first time in Turkey, TürkTraktör targets to consolidate its position in the construction machinery market as well on the back of the broad range of products in different segments under the Case and New Holland branded construction machinery umbrella offered to the market, along with domestically-manufactured backhoes.

Otokar

A leading land systems and bus manufacturer, Otokar has been the best-selling bus brand in Turkey for the 13th time.

Ownership Structure



Domestic Position

Almost 1 out of every 2 buses sold in Turkey has the Otokar brand

13 years of uninterrupted leadership in the bus market

International Position

Bus exports to **more than 50 countries**

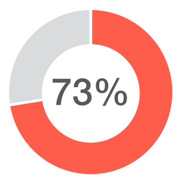
Export of military vehicles to more than 55 users in **over 35 countries**

Subsidiary companies in **4 countries**

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
4,509	930	905	1,042
+55%	+56%	+45%	+68%
(2020: 2,909)	(2020: 595)	(2020: 625)	(2020: 618)

Share of International Revenues



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

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

Non-financial Indicators

ESG Commitments

- Commitment for % of women on board: 25%[1] in 5 years

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Sustainability Indices

- BIST Sustainability Index

(1) Policy acceptance date: December 2021

Website

Annual Report

Sustainability Report

Since its establishment in 1963, Otokar has been providing tailored solutions for its customers in the automotive and defense industries with its own technology, design and applications. Producing buses for public transportation, light trucks for logistics, wheeled and tracked armored vehicles and tower systems for the defense industry, Otokar operates with more than 2,000 employees at its plant which covers an area of 552,000 m² in Sakarya.

Defense Industry

Manufacturing and shipment of amphibious armored vehicles were successfully brought to completion in 2021 within the scope of one of Turkey's largest defense industry export deals that was signed in 2017 for the procurement of 8x8 armored vehicles.

Its military vehicles covered in more than 55 user's inventories in over 35 countries, Otokar received new orders, from different geographies. Otokar's ARMA 8x8 and TULPAR armored vehicles successfully passed the field test conducted by the Kazakhstan Army.

Having expanded its defense industry product range with the diesel versions of its mine-resistant COBRA II MRAP and AKREP II during 2021, the Company put on display ARMA 8x8 that it developed for the New Generation Light Armored Vehicles Project of the Turkish Land Forces Command at IDEF'21 defense industry fair.

Otokar signed a teaming agreement with Europe's leading company Milrem Robotics for autonomy development and application for unmanned and robotic operations of military vehicles, taking one more step toward generating the unmanned ground vehicles segment.

Commercial vehicles

Otokar has been the most popular bus brand in Turkey, and captured market leadership for the 13th consecutive year in 2021.

Otokar buses have been the choice of Turkey's three largest cities once again. The Company completed the bus deliveries to İzmir Metropolitan Municipality in 2021, undersigning the largest domestic bus delivery.

The Company won the bus tender held by the Ankara Metropolitan Municipality for the purchasing of articulated buses and delivered the vehicles.

Otokar won the bus tender held by İstanbul Metropolitan Municipality for the procurement of 100 articulated buses (metrobus) for TL 606 million. The buses will be delivered within 2022.

Carrying on with its expansion in its target market of Europe, Otokar received an order from the city of Bratislava in Slovakia for 40 Kent Articulated buses. Besides Europe, the Company received high-quantity orders from Jordan and Israel, the deliveries of which will be completed next year.

Otokar introduced its electric bus in France, Italy, Spain, Germany, Romania, Benelux and Turkey. The Electric Kent bus was experienced by over 2,000 visitors at the IAA Mobility Fair in Germany, and was tested by various public transport companies in nine regions in Italy for a period of one month.

Otokar received orders for natural gas-powered Kent CNG buses in different quantities from Romania, Azerbaijan and Ukraine. The deliveries of the buses will be completed in 2022.

Under the agreement signed for the local production of IVECO BUS buses, Otokar commenced the production and deliveries of the first buses in 2021.

Standing out in the sector also with its design and R&D excellence, Otokar's Territo U bus specifically created for the European market was recognized at the BIG SEE Awards 2021 and European Product Design Award.

Agile Transformation

Having embarked upon its agile transformation journey in 2021, Otokar undertakes projects and initiatives with the vision of becoming a continuously learning, flexible organization that creates innovation-driven value, and leads change.

Otokar carries out pilot projects in various fields ranging from productivity increase to optimization. The foundation was laid for the "Pre-Production Preparation Building" in 2021, where the Company's suppliers will be brought together under a single roof with the target of increased productivity.

Continuing with its production investments, in 2021, Otokar also put into operation its cataphoresis facility that will provide long-term anti-corrosive coating.

Strategy and Sustainability

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

On the back of its sustainability efforts, Otokar qualified for six consecutive times to be included in the BIST Sustainability Index as per the Index Selection Criteria set by Borsa İstanbul. Otokar is also part of Refinitiv ESG Score assessment.

Compliance policies have been introduced and Otokar Code of Ethics has been updated in a bid to ensure more effective management of the Company's compliance risks, and to better respond to local and international stakeholders' expectations in this regard.

Otokar embraces the UN Global Compact, which has been signed by Koç Holding. The Company has also become a signatory to the Women's Empowerment Principles (WEPs), an initiative of UN Women. Also prioritizing gender equality and diversity issues, the Company targets to bring the ratio of women members on Otokar Board of Directors to 25% in principle over the course of the next five years, by giving priority to women members when designating nominees for the seats on the Board of Directors from amongst candidates equally qualified in terms of knowledge, experience and competence.

Forward-looking expectations

Otokar will maintain its focus on exports through its associates in France, United Arab Emirates, Romania and Kazakhstan.

Aiming to maintain its position in the domestic commercial vehicles market, Otokar targets to grow its vehicle park and market share in Europe, which is the Company's main market in the bus segment.

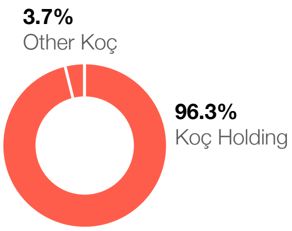
Otokar will continue to offer its products, capabilities and facilities in the field of defense industry for the benefit of our country. In international markets, it will capitalize on opportunities for technology transfer and production with local partners abroad, as well as exports.

With its efficient, eco-friendly and innovative products, Otokar will keep authoring pioneering initiatives and results for mitigating its environmental impact and combating climate change.

Otokoç Otomotiv

Otokoç Otomotiv, having a leading position in car rental in the domestic market, continues its operations in 9 countries.

Ownership Structure



Domestic Position

8% market share in the total automotive market with **61,721** new vehicles sales

Leader in second hand vehicle sales among corporate brands with sales of around **24,000** units

Leader in car-rental

International Position

Management of the vehicle park with **47,937** vehicles with **555** employees at **85** points in **8** countries

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

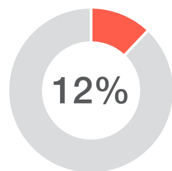
International operations account for **32%** of EBITDA

One of the key investment partners of Avis Budget Group and its **largest licensee**

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]
19,262	2,691	2,025	1,601
+35%	+72%	+99%	+105%
(2020: 14,260)	(2020: 1,567)	(2020: 1,016)	(2020: 781)

Share of International Revenues



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

Non-financial Indicators

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Website

Established in 1928 as Koç Holding's first automotive sector investment, Otokoç Otomotiv is Turkey's leading automotive retailer, car rental and car sharing company. Otokoç Otomotiv is a one-stop source for mobility solutions. The Company operates with the Otokoç, Birmot, Otokoç 2.El, Otokoç Parça and Lastick brands in automotive retailing, with the Avis, Avis Filo, Budget and Payless in car rental, with the Zipcar in car sharing and with the Otokoç Sigorta in insurance services. Conducting operations in Turkey, Greece, Kazakhstan, Azerbaijan, Northern Iraq, Hungary, Georgia, Northern Cyprus and Ukraine, Otokoç Otomotiv operates in a total of 394 points - 85 of which are abroad - in 9 countries.

85,721 vehicles sold in 2021

Otokoç Otomotiv commanded a share of 27.3% in Ford sales, 25.6% in Ford Trucks sales, 30.9% in Fiat sales, 42.2% in Alfa Romeo and Jeep sales, 31.2% in Volvo sales and 46.5% in Maserati sales in automotive retail during 2021. With sales of 61,721 new vehicles, the Company commanded an 8.1% share in the total Turkish automotive market. In second hand vehicle sales, Otokoç maintained its leadership among the corporate brands with sales of 24,000 units.

Turkey's market leader in the car rental sector

Otokoç Otomotiv, which is the world's largest licensee for the Avis Budget Group (ABG), achieved a 43% increase in the turnover of its car rental business unit in Turkey despite the effects of the pandemic, and has maintained its leadership.

Companionship creating value for all stakeholders in the mobility universe

Having reconstructed its mission, vision and values, the Company moves ahead with the vision of "being a global and leading reference point developing innovative mobility solutions".

- In Car Sharing: As Zipcar's licensee in Turkey localization of the entire system and creation of a flexible car sharing solution; commencement of operations in Ankara following İstanbul.
- In Car Rental: Motorcycle rental, caravan rental, delivery wherever desired, booking system using AI-based chatbot.
- In Second-Hand Business: Expanding the private showroom network and increasing the number of locations, individual and institutional tenders, end-to-end online second-hand vehicle sales, contactless delivery, cash purchases.
- In Operational Leasing: Avis Fleet Connect project that constitutes an important milestone for fleet driver security and saving purposes; "MyAvis" product allowing digital proposals and orders.
- In Automotive Retailing: Mobile service offering on-site repair and maintenance services.
- Internationally: Rental car sector leader in Greece, Azerbaijan and Kazakhstan

Energy efficiency and environment

Set up in 2021, Otokoç Otomotiv Sustainability Committee conducts its activities with the support of the Energy Efficiency and Audit and Risk committees established the same year. The solar panels installed at Otokoç Antalya Branch will generate 560 thousand kWh of electricity annually, avoiding 280 tonnes of CO_2 emissions translating into a contribution equivalent to the benefit to be provided by approximately 11,200 trees. The water collected with the rainwater collector that started to be used at Otokoç Bursa Branch is used for car washing, thus saving water.

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

The Company's Scope 1 and Scope 2 GHG emissions were calculated for the 2017-2020 period according to the ISO 14064-1 GHG Emissions Reporting Standard, and were verified by an independent accreditation company.

In addition to the ISO 14001 Environmental Management System, ISO 9001 Quality Management System and ISO 10002 Customer Satisfaction Management System recertifications in 2021, the Company successfully completed the ISO 45001 Occupational Health and Safety certification process.

Innovation and R&D

The Innovation and Startup Platform kicked off with the partnership with Plug&Play. Including one project that was commercialized in 2021, the total number of intrapreneurial projects commercialized at Otokoç Otomotiv reached six, and the turnover generated on commercialized projects increased by 121% year-on-year.

Within the scope of R&D activities, the "AI-Based Operations Optimization Platform for Car Sharing and Rental Companies" has received approval as the first TUBITAK-Funded project of Otokoç Otomotiv.

The Company launched the AI-based marketing module which analyzes customers' demographic, transactional and behavioral qualities for delivering customized experiences aligned with their lifecycles and which automatizes omnichannel marketing processes.

Agile transformation

Otokoç Otomotiv stepped into its agile transformation journey in 2021. The Company developed a sophisticated demonstration of its vision and branded its transformation journey "İçimizdeki Çevik".

To provide a representation of the future Otokoç Otomotiv, focus was placed on three pilot regions in 2021 within the scope of agile transformation.

Other notable developments

The employee engagement score improved by 2.3 points to 76.1 in 2021, bringing Otokoç Otomotiv its highest-ever engagement score. In the 1st League category of the "International Region Net Promoter Score" measurement carried out by Avis Budget Group with an independent research company in 2021, Avis Turkey finished 2021 as the leader, while Avis Greece took the 2nd place.

The Company partners with the IEEF (Association for Educational Activities for Hearing-Impaired Individuals) for the inequalities hearing-impaired individuals suffer from and with UN Women and Women in Sales Network Program for gender inequality issues.

"Otokoç 1 Dünya" employer brand was launched in a bid to attract the talents compatible with the Company's vision and to strengthen employee experience.

Forward-looking expectations

Otokoç Otomotiv targets to increase the share of its revenues generated on online sales. The Company moves towards becoming the largest second-hand vehicle brand competent in omnichannel that first comes to people's minds.

Within the scope of agile transformation, the Company plans to move to the roll-out phase in 2022, building on the learnings from the pilot phases. While increasing agile maturity, it targets to get at least 20% of office employees to work agile.

A "Fleet Management Project" is being developed based on the notion of becoming the after-sales services provider of companies preferring to have self-owned vehicle fleets.

The Company will sustain and further evolve the pioneering role it has assumed with the "Avis Caravan" service for the development of caravan tourism in Turkey and the formation of a necessary ecosystem.

Having charged ahead with sustainability efforts in 2021, the Company will add further momentum to its green energy initiatives in this framework, and install solar panels at three more branches in 2022.

Consumer Durables

We strengthen our global presence by providing the unique combination of technology and design.


çelik
arçelik

Consumer Durables

Developments in the consumer durables sector

The global white goods market achieved 14% increase in revenues, which reached USD 249 billion in 2021. In Europe (excluding Turkey), Turkey's main export market, the white goods market grew by 2.4% in volume in 2021 as compared to the previous year.

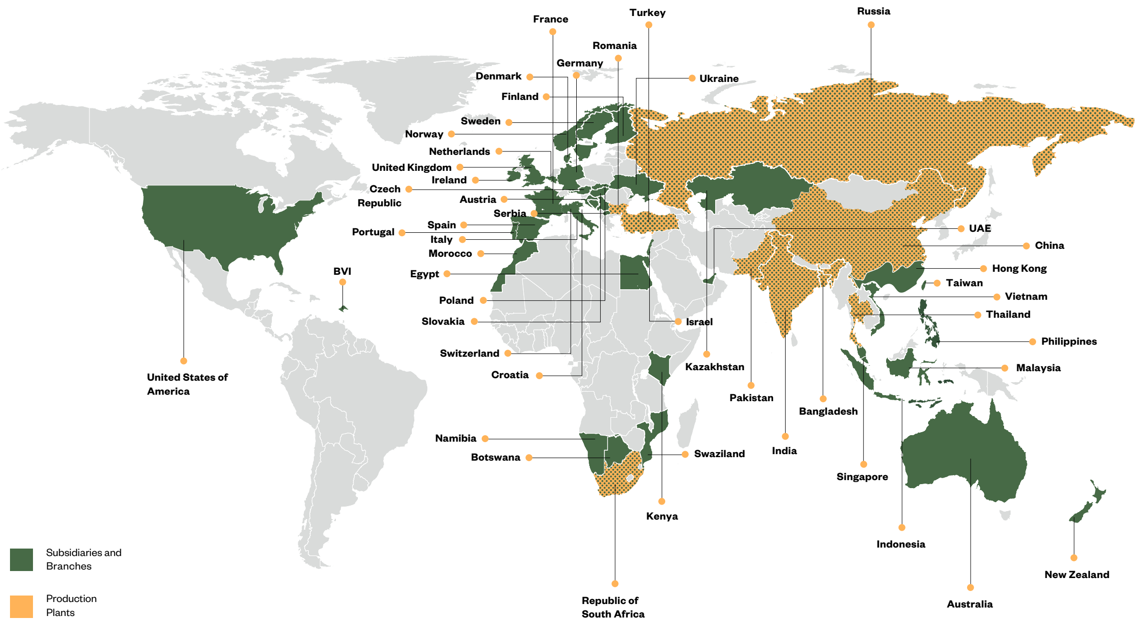
Although there are countries that are growing in the Western European market in 2021, the growth has remained stable, especially with the effect of the contraction in the UK and Germany. The shrinkage of the UK market was approximately 5%, while that of the German market was 4%; Italy grew by 10%, Austria by 6%, and France by 3%.

The Eastern European market displayed a strong performance unlike Western Europe, recording growth of approximately 8% in 2021. While sales volume in Russia, which is the largest market in the region, increased by approximately 8% year-on-year, around 13% growth was recorded in Poland, the region's second largest market. The Romanian and Ukrainian markets posted about 3% growth.

The South African white goods market, on the other hand, achieved a strong growth of 8% compared to the previous year.

In 2021, domestic sales stood at 8.5 million units in the Turkish white goods market, for an annual increase of 9%. In the post-pandemic recovery period, exports were realized at 25.9 million units, translating into an 18% increase over 2020. Total production became to 34.1 million units, 17% higher than what it was in 2020.

Based on the retail panel data, the TV market shrank by 16%, and the air conditioning market grew by 15% in volume.



The Koç Group in the Consumer Durables Sector

The Koç Group realizes 45%[1] of the total exports of Turkey in white goods sector.

Companies and Domestic Positions

Arçelik

#1 in white goods

#1 in TVs

#1 in air conditioning

#1 in small home appliances

Bilkom

Distribution of information and communication technologies to more than 4,000 sales points

Competitive Advantages

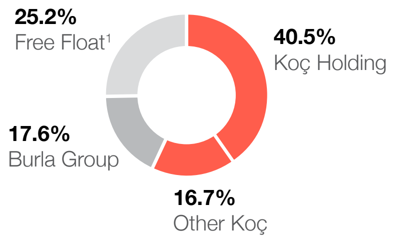
- Low-cost production centers: Turkey, Romania, Russia, China, South Africa, Thailand, Pakistan, India and Bangladesh
- Turkey's most extensive sales and after-sales service network supported by strong brand value
- Europe's largest white goods manufacturing facility under one roof
- Leading positions in which the countries it operates; 2nd largest white goods company in the European region including Turkey (Beko: Leading brand in free-standing major appliance market in Europe)
- Export to the world with 74 subsidiaries and global sales & marketing organization located in 49 countries.

(1) According to the data of the members of the White Goods Manufacturers Association, 6 main products are included in the white goods.

Arçelik

Arçelik offers products and services globally with 28 production facilities in 9 countries, 74 subsidiaries in 49 countries and 12 global brands.

Ownership Structure



(1) Including the shares with a nominal value of TL 51,919,907 repurchased by Arçelik (7.6835% stake).

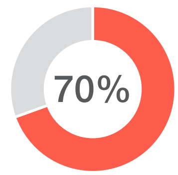
Domestic Position

Leader in white goods
Leader in TVs
Leader in air conditioning
Leader in small home appliances

International Position

Market leader with the Arctic brand in Romania and Defy in South Africa
Beko - Global brand:
2nd biggest player in the white goods market and the **leader** in the solo white goods market of the European territory including Turkey
1st in the UK white goods market
1st in the white goods market in Poland
1st in the solo white goods market in France

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)[1]	Profit/(Loss) Before Tax	Net Profit/(Loss)[2]	Share of International Revenues
68,184 +67% (2020: 40,872)	5,053 +21% (2020: 4,186)	3,623 +4% (2020: 3,498)	3,065 +8% (2020: 2,848)	

(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

- Reduction in Scope 1, 2 and 3 emissions by 50.4% in its own operations by 2030, in light of the Science-Based Targets determined according to the 1.5°C scenario, which is at the approval stage (baseline year: 2018)
- Increasing the rate of recycled content in all plastics used in products and components within the scope of the Business Plastics Initiative (IPG).
- Commitment to % of women in board seats: 25%[1] in 5 years
- Commitment for % of women on board: 26% in total, 30% in executive positions by 2030

International Platforms

- Science Based Targets initiative (SBTi)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- Business Ambition for 1.5°C
- Race to Zero
- WEF Alliance of CEO Climate Leaders
- Climate Group EP100
- World Business Council for Sustainable Development (WBCSD)
- UN Global Compact (UNGC)

Primary Sustainability Indices[2]

- BIST Sustainability Index
- "A-" rating in CDP Climate, Water Programs, "A" in Supplier Relations
- Dow Jones Sustainability Index, the highest score in its sector for 3 years in a row
- 57th in the top 100 companies list of Corporate Knights
- One of the 45 global companies awarded the Terra Carta Seal
- S&P ESG Rating 76/100
- AAA rating in the MSCI list since 2015, and in the FTSE4Good list since 2016

(1) Policy acceptance date: May 2021
(2) For other indices and achievements, see page 113

Website | Annual Report | Sustainability Report | Plastic Commitment (IPG)

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

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

Arçelik sustains its global growth journey with more than 40,000 employees, 12 brands, 74 associated companies in 49 countries, 28 production facilities in nine countries and 29 R&D centers. Arçelik, the market leader in Turkey, also maintained its leadership position with the Arctic brand in Romania and Defy in South Africa. Beko, the global brand and leader in the European solo white goods market, maintained its leading position in the white goods markets of the UK, Poland and France.

Arçelik sustained its growth by enlarging its global sphere of influence through new investments even during the pandemic. The Company incorporated Arçelik Hitachi Home Appliances, a joint venture with the Japan-based Hitachi Global Life Solutions. The new company, in which Arçelik holds 60% stake, owns 11 companies in total, two of them manufacturing and nine of them sales companies.

In addition, Arçelik purchased the US-based white goods producer Whirlpool's refrigerator and washing machine production plants in Manisa. The Company's investments in 2021 amounted to EUR 220 million, EUR 180 million thereof invested in Turkey. Furthermore, Arçelik's acquisitions in the reporting period were worth EUR 370 million.

Arçelik works to add value to the future drawing on its sustainability vision.

In keeping with its vision spelled out as Respecting the World, Respected Worldwide, Arçelik regards sustainability as a business model and designs the future now. As it develops the in touch technologies, the Company works to combat environmental and social issues, enhance its work quality and be a part of the solution to societal problems on the back of its global reach and extensive network of stakeholders.

In its projects in 2021, Arçelik prioritized recyclable materials in its products, the technology keeping the fruits and vegetables fresh longer owing to its day cycle feature, HygieneShield Range developed to respond to consumers' increased awareness and urge for hygiene particularly during the current period, microfiber filtration technology that filters up to 90% of microplastics, sensors, advanced data analytics, cyber security algorithms, remote access protocols, engine and engine drive systems, system and component-based modeling and advanced analysis methods.

Sustainability is the ultimate driving force of Arçelik's future vision and reputation on a global scale. Arçelik's sustainability vision is founded on three tenets:

- Reduce its environmental footprint,
- Create value for the society
- Achieve sustainable performance along the value chain.

Emerging markets are now responsible for two thirds of global emissions. Aware of this fact, Arçelik not only enhances its own processes, but also takes on the responsibility to lead the transformation together with its business partners in these countries. The Company foresees that the strong rise in demand to be driven by the rapidly growing middle class in the Asia-Pacific and Sub-Saharan countries will give rise to higher energy consumption.

Worldwide electricity consumption is forecasted to surge by 60% by 2030. This surge will largely result from increased volume of equipment, devices, lighting and other products. This growth in energy demand will pose a major challenge for the governments in terms of fulfilling the existing demand. For this purpose, Arçelik does not just enhance its production and work processes, but also works on methods that will achieve a transformation in every household penetrated. To this end, Arçelik has committed to the Science Based Targets Initiative to reduce the emissions arising during the production and usage phases of products.

Through the energy-efficient products it does, and pledges to, manufacture, Arçelik works with the aim of changing consumers' lifestyles and creating a meaningful impact on the future in the long-term not just in regions with stricter regulations such as the European Union but also in markets where sustainability transformation is a challenge and needs to be supported. The Company commits to offer energy-efficient products beyond legal requirements even in emerging countries. Hence, the Company sets challenging targets in relation to sustainability in all geographies it is active in order to act as a role model in the world for its industry.

To achieve these targets, Arçelik makes use of sustainable finance sources. In 2021, the Company carried out its first green bond issuance with a nominal value of EUR 350 million and a maturity of 5 years. With a 4.5-fold book-building, the bond attested to the investor confidence in Arçelik and their readiness for financing sustainable products. The proceeds on the bond will be used towards projects for increasing sustainability performance and transcending the Company's targets in areas such as renewable energy, green building projects, and energy efficiency in products and production.

Arçelik signed a EUR 150 million-loan agreement with the European Bank for Reconstruction and Development (EBRD). The portion of EUR 83 million of the EBRD fund will be supplied from overseas to the industrial sector in Turkey and it is the first green loan independently endorsed with respect to its compliance with international green loan principles published by the Loan Market Association (LMA). This portion of the loan will be used to finance the green investments of Eskişehir, Çayırova, Bolu, Ankara and Central R&D. These steps will cement Arçelik's global leadership in sustainability, while helping reinforce its ESG credentials.

Global leadership in sustainability

- Arçelik has been the top scorer (2021 S&P Global Corporate Sustainability Assessment score: 86/100) for the third time in the Household Durables category of the Dow Jones Sustainability Index that evaluates sustainability performances of corporations. It is also the first and only Turkish industrial company to qualify for inclusion in the Dow Jones Sustainability Index for five consecutive years.
- Arçelik made it for the second time to the Corporate Knights Global 100 Most Sustainable Corporations in the World 2021, taking the 57th spot.
- Arçelik has become one of the 45 companies in the world and the only one from its sector worldwide to earn the "Terra Carta Seal" presented by the United Kingdom Prince of Wales to recognize global corporations demonstrating their commitment to combat the climate change through specific targets within the scope of the Sustainable Markets Initiative.

- Arçelik earned A- score in CDP 2021 Climate and Water Programs.
- Arçelik was assigned an ESG Risk Rating of 12.1 by Sustainalytics and assessed to be at Low Risk Level of experiencing material financial impacts from ESG factors. The Company captured the number 1 spot in its sector with this score.
- Arçelik received a score of 50/100 in the Vigeo Eiris (V.E.) ESG rating, a Moody's affiliate, and ranked first in the Technology-Hardware Emerging Markets. In July 2021, the Company was included in the Best Emerging Market Performers Rankings of V.E. that lists the most advanced 100 companies in the Emerging Markets universe.
- Having scored over 66/100 at the EcoVadis Sustainability Assessment, Arçelik was placed in the top 5% companies assessed by EcoVadis and earned a Gold EcoVadis Medal.
- Arçelik was awarded Prime degree at ISS ESG.
- Arçelik qualified for the 8th time in the BIST Sustainability Index comprised of companies traded on Borsa İstanbul and displaying the best performance in corporate sustainability.
- Arçelik ranked 17th in the 2021 Diversity and Inclusion Index of Refinitiv, a global rating company that performed the 2021 assessments of Borsa İstanbul Sustainability Index, within 100 global companies, becoming the only company from Turkey and the industry to be listed in the Index. Arçelik received a score of 90.96 in Refinitiv's ESG assessment.

- Arçelik has been a constituent of FTSE4Good Emerging Markets Index since 2016, which lists companies with strong environmental, social and governance performance as measured by FTSE Russel, a global index provider that is part of the London Stock Exchange.

Through its sustainability efforts and initiatives in 2021, Arçelik:

- Declared its goal to achieve net-zero emissions along its entire value chain by 2050, and carries on with its projects to achieve this target. Business Ambition for 1.5°C is an urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero. Arçelik officially joined the Business Ambition for 1.5°C in September 2021.
- Became a member of the World Economic Forum's Alliance of CEO Climate Leaders which is the largest global CEO-led community in the world committed to climate action, representing 25 countries, 12 industries, and over 8 million employees. Having declared that it will support the net-zero target by 2050 by joining this Alliance, Arçelik signed the open letter that calls on world leaders and that is undersigned by companies supporting the acceleration of decarbonization.
- Carries on with its efforts towards its target of reducing emissions by 2030, which have been approved by the Science Based Targets initiative (SBTi). The GHG emissions reduction targets were approved by the SBTi in line with the Paris Agreement's goal of limiting global temperature increase to "well-below 2°C". Accordingly, Arçelik keeps taking strategic steps in keeping with its commitment to reduce its Scope 1 and 2 GHG emissions by 30% and its Scope 3 emissions from the use of its sold products by 15% by 2030 from 2018 baseline year.
- Revised its initial target of limiting global warming to "well-below 2°C" as compared with the pre-industrial levels and set new ones for limiting it to 1.5°C. The Company committed to reduce its Scope 1 and 2 emissions, and its Scope 3 emissions from the use of its sold products by 50.4% by 2030 from 2018 baseline year. The approval of its revised targets by the SBTi is pending.

- Became the first real sector company from Turkey to issue a green bond in international markets with its green bond issuance in 2021. Arçelik CFO will take place in the UN Global Compact's CFO Taskforce. The aim of the Taskforce is to ensure alignment of businesses' targets with the Sustainable Development Goals and to carry out activities for enhancing CFOs' awareness of the topic.
- Became a member of the World Business Council for Sustainable Development (WBSCD) in 2021.
- Became a member of the Energy Productivity 100 (EP100), which is led by the Climate Group and brings together energy-smart companies. Under this affiliation, Arçelik committed to increase its energy efficiency and to double the economic output per unit of energy consumed by 2030 compared to 2010 baseline year. In addition, as part of the membership goal, the Company committed to implement ISO 50001 Energy Management System across all global production facilities by 2025.
- Following its Romania Plant that is referred to as a green plant with its smart HAVOC system, efficient lighting system making use of daylight, installed renewable power plants, wastewater treatment and rainwater collection systems, Eskişehir Plant qualified for the World Economic Forum's Global Lighthouse Network list that recognizes leaders in using Industry 4.0 technologies.

Below are highlights of the projects the Company carried out to date in line with its 2030 targets based on its sustainability approach:

- The world's first washing machine with the synthetic microfiber filtration system, which provides nearly 90% filtration of micro fibers that are mixed into the seas and oceans,
- Washing machine and washer-dryer drums and air conditioning units created by recycled PET bottles,
- White goods plastic materials produced by recycling textile wastes and waste fish nets, which threaten life in the seas,
- Refrigerator using bioplastics obtained from soy, corn and eggshells, which have a footprint reduced by 80% as compared to petroleum-based alternatives,
- Coffee machines using coffee grounds and tea makers using tea fibers, developed with the biocomposite technology,
- White goods plastic materials, dryers using recycled plastic,
- In an effort to create equal opportunity in access to technology and welfare in regions with limited access to electrical power and to minimize electricity consumption as a prerequisite of being a global company, Solar Hybrid refrigerators and freezers powered directly by solar panels during the daytime and switch to the electrical grid in the nighttime, reduce energy consumption up to 44% in the fridge and 38% in the freezer, durable even without power, and keep the food frozen up to 49 hours with its cooling technology,
- Autodose Dishwasher using approximately 28% less detergent in each cycle,
- Transition to 100% recycled and recyclable cardboard household appliance boxes manufactured in Turkey.

Forward-looking expectations and growth strategy

Arçelik formulates its future strategy under four main pillars focused on economic growth under the sustainability roof:

- Strengthening the key market and product groups,
- Achieving increased geographical penetration,
- Enriching the product portfolio,
- Creating new growth opportunities.

The Company carries on with its investments to become the number 1 white goods brand in Europe, its primary market, with Beko and to respond to evolving customer demands. Geographically, the Company also capitalizes on other investment opportunities besides the Whirlpool/Manisa plant takeover in Turkey in 2021. In terms of export options, the Company taps investment, acquisition and merger opportunities in the Middle East and North Africa due to their proximity to Europe. While investments continue with the Defy brand in the Sub-Saharan Africa region, potential opportunities that may emerge in other countries in the region are also pursued.

In pursuit of increased geographical penetration, the Company carries on with its growth investments through its partnership with Hitachi and with its Beko brand in the Asia-Pacific region that presents a young population, high purchasing power and developing economies.

With its solid economy and large population, North America is a market that is home to an Arçelik subsidiary. Latin America harbors population potential and competitive opportunities. Therefore, the Company considers investment, acquisition and merger options in the Americas. Following company acquisitions, plant and new product investments are ongoing in the relevant countries. Particularly in small home appliances, product procurement capabilities in the Chinese market are being improved.

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. As it caters to consumer needs with smart domestic appliances and smart solutions, the Company keeps working on processing the data from these appliances in accordance with the applicable legislation in the relevant countries and results to be derived therefrom. The Company also targets to focus on B2B sales and generate a continuous revenue source in this department.

Arçelik enriches its products and services in after-sales services and develops business models that consider the needs of respective countries. The Company brings renewable energy solutions to consumers via its effective dealer network in Turkey. The COVID-19 pandemic have brought about new hygiene norms with different program requirements in the sector, an increased interest in healthy nutrition and small household appliances, changes in cooking technologies, a raised awareness of air and water purification, and increased needs for devices and sensors. This process will trigger different innovation needs for Arçelik product categories. With the climate crisis, interest in smart products which save energy and water, and products made from recycled materials will grow.

The importance of energy efficiency in reducing greenhouse gas emissions is growing. Arçelik aims to be a part of the transformation process with its investments and energy efficient products in countries where there is a burgeoning middle class over the next 10 years. The most important issues which Arçelik will address in the coming period will be to pursue environmentally friendly and responsible production, to reduce its carbon footprint, to protect natural assets by increasing energy and water efficiency, to strengthen solutions for the circular economy and to produce social benefit.

The largest manufacturer of air conditioning units under one roof in Turkey and Europe

Arçelik-LG is the largest manufacturer of air conditioning units under one roof in the Middle and the Near East and Europe.
Arçelik-LG, which started its operations in 2000 with a production capacity of 300,000 units, is the largest manufacturer of air conditioning units under one roof in the Middle and the Near East and Europe with an annual production capacity of 1.5 million units, with an average of 700 employees throughout the year.

The Company is the leader in Turkey with its Arçelik brands thanks to its innovative and competitive approach, strong technological infrastructure as well as wide distribution and service network. Approximately 48% of air conditioners produced by Arçelik-LG are exported to a number of countries, primarily Europe and Africa.

No let-up in the number of firsts and new products in 2021
Arçelik-LG carried on with its R&D activities in 2021.

In a bid to respond to the hygiene needs that was driven forward with the COVID-19 pandemic, the Company introduced the "Ultrahygiene" line. The technology kills 99.9% of the microorganisms that may settle within the air conditioner. Tested for their efficacy by independent laboratories, the products hold "Biocidal Product" endorsement from the Ministry of Health.

Under "The Most Silent AC of Turkey" project, the 7,000, 9,000, 12,000 and 15,000 BTU/h models with a noise level of 15dB in sleep mode were put on the market.

New look projects designed for expanding the Premium product range were introduced in 2021, under which the new Silver and Black products were presented to the liking of customers.

With these new products, Arçelik Group further enlarged Turkey's widest range of household air conditioners that it already boasts.

Sustainability efforts continued.
Under sustainability efforts, the percentage of recycled plastic raw materials used in the products was increased to 10%. The initiatives in this respect continue at an increasing rate.

New additions were made to the commercial product groups covered within the product range and mass production of high value-added, energy-efficient mini VRF-type commercial air conditioners started in Turkey.

A 6% increase in efficiency was achieved thanks to automation and optimization studies conducted in production. By achieving a high performance in dispatching the manufactured products to the sales channels on time and delivering them to the customer, a 99% success rate was achieved.

Forward-looking expectations
Arçelik-LG, which exceeds customer expectations with its energy-efficient products offering good value for money, aims to achieve growth in exports while maintaining its leading position in the domestic market.

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 increase its market share with high-tech, competitive products by expanding its domestic product range in the commercial air conditioning segment. To this end, the Company's technology transfer initiatives and investments in production lines are ongoing.

The number one distributor in Turkey's electronics retail sector

With its experience of more than 35 years and its expert staff, Bilkom is one of our country's leading distributors of Information and Communication Technologies (ICT), distributing products of leading global brands directly and indirectly to over 4,000 different points spread throughout Turkey.

Bilkom works to improve the quality of life through technology and aims to make up-to-date technology accessible.

The fact that as of end-2021, one out of every five smartphones and five tablets sold in electronics retail stores, and one out of every four smart watches sold across Turkey are distributed by Bilkom fortifies the Company's number 1 position in the electronics retail industry.

Value added and focused distributor

Bilkom offers "Bilkom Plus" 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 leading global brands currently shaping the digital and mobile transformation in the world such as Apple, Huawei, TCL, DJI, Fitbit (Google), Alcatel and Hypergear. Bilkom's mission for being a value-added and focused distributor rather than a conventional one acts as the main motivation for leading brands to choose Bilkom.

Sustainable profitable growth

Outgrowing the sector with its sustainable profitable growth focus, Bilkom's revenues in TL terms increased by 33% on average in the last three years to TL 5.4 billion (USD 627 million).

Of the 102 employees on its payroll, the percentage of women employees at Bilkom is 49% and that of Millennials is 78%.

Placed in the 74th spot in the Fortune Turkey 500 rankings, Bilkom takes the top spot in the "Distributor – Hardware – Mobile Phone" and "Distributor – Hardware – Tablet and Portable Computers" categories in the Bilişim 500 list according to 2020 data. The Company earned the 'Continuous Excellence' award by Kincentric for its new generation flexible working model, strategic agile management concept and its performance in employee engagement in the last three years.

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 36% of its total investments over the past three years were allocated.

Forward-looking expectations

Bilkom works on partnering with new brands in order to build on its digital and mobile life-oriented product portfolio with powerful brands in the fields of the Internet of Things (IoT) and Information-Communication Technologies (ICT). Regional expansion, domestic production, online channels, omni-channel distribution, 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. Within the scope of its domestic production focus, the Company capitalizes on television and smartphone manufacturing investments and new production opportunities in keeping with its "Manufacturer-Distributor" identity.

Finance

We offer the most creative solutions to our customers on every platform through our investments in digital transformation and widespread branch network.


YapıKredi

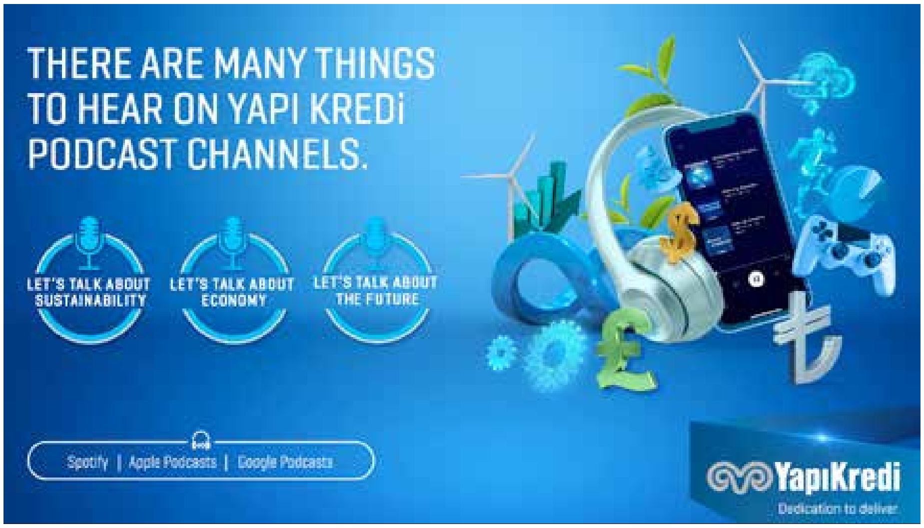
Finance

Developments in the banking sector

2021, as was 2020, has been a year tainted with the ongoing effects of the COVID-19 pandemic globally. Global economy showed a strong recovery contributed by loosened precautions implemented against the pandemic, acceleration of vaccination, and accommodative economy policies.

On the part of the Turkish economy, the strong recuperation tendency observed from the third quarter of 2020 persisted in 2021 with the revival in domestic and external demand alike. In 2021, growth gained the foreground for Turkey and economic activity was backed by increased exports besides the recovery in the services industry. Supportive monetary and fiscal measures adopted to curb the pandemic's negative effects upon the Turkish economy backed the financial stability and recovery process of economic activity. With the vaccination that gained momentum and the economic recovery that became pronounced recently, the measures began to be lifted gradually. Notwithstanding, the durations of some supportive arrangements were extended in view of the ongoing uncertainties in relation to the course of the pandemic.

A strong monetary tightening was introduced in the monetary policy at the onset of the year in view of the high course of inflation, which stance was maintained until August. From September, the Central Bank of the Republic of Türkiye (CBRT) updated its monetary policy stance based on the analyses for decoupling the demand factors susceptible to the monetary policy and the impacts created by supply shocks.



The policy rate was decreased by 500 points from September until the end of the year.

Credit growth rate in 2021 was slower as compared to the previous year due to the effect of the monetary policy tightened from the last quarter of 2020. While the deceleration in growth rate was evident in commercial loans, retail loans were strong owing to the revival in deferred demand due to COVID-19. As of 31 December 2021, the overall sector's TL lending increased by 21% and growth occurred mainly through consumer loans extended by private banks. In addition, private and public banks decoupled in TL credit expansion. While TL lending by public banks increased by 15% from the start of the year to date, the same was 27% for private banks. FC lending, on the other hand, sustained a 7% contraction in USD terms across the overall sector. The main reasons behind this contraction are considered to be the decelerated long-term investments and the rebalancing efforts in the private sector to deal with its increased FC position. In the same time frame, TL deposits base expanded by 20% whereas FC deposits remained flat. In this period, the sector's non-performing loans ratio declined to 3.1%, marking a 91 basis points improvement as compared to end-2020, on the back of continued strong course of the economic activity and continuation of forbearance on NPL classification until end-September 2021.

During the reporting period, the banking sector maintained its liquidity and capital adequacy ratios high. As of December, the sector's liquidity adequacy ratio was 146% and capital adequacy ratio was 18% including regulatory effect. Net profit of the sector was up by 58% to TL 86 billion as at December 2021, and return on equity was registered as 14%. Private and public banks decoupled also in terms of profitability; net profit of public banks shrank by 22% annually, while private banks increased their profits by 94%.

The Koç Group in the Banking Industry

In 2021, Yapı Kredi increased its market share to 16.2% in cash loans and 14.3% in customer deposits among private banks.

Companies and Domestic Positions

Yapı Kredi

#3 among private banks

Yapı Kredi Bank's Subsidiaries

- Yapı Kredi Leasing
- Yapı Kredi Factoring
- Yapı Kredi Invest
- Yapı Kredi Asset Management
- International operations: Yapı Kredi Nederland, Yapı Kredi Azerbaijan

Koçfinans

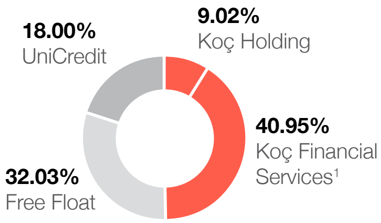
The growing player in the area of integrated financing solutions

Competitive Advantages

- Experience dating back 77 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 profitability and sound balance sheet, and remained the leading bank with its prudent provisioning, robust capitalization and further strengthened liquidity.

Ownership Structure



(1) Koç Holding has a direct shareholding of 84.53% in Koç Financial Services.
(2) Position and market shares among all banks for credit cards, and among private banks for others.

Domestic Position[2]

16% market share in total assets
17.1% market share in total cash and non-cash loans
16.2% market share in total cash loans
14.3% market share in customer deposits
Historically leader in credit cards with **16.7%** market share

Subsidiaries

Yapı Kredi Leasing
18.0% market share
Yapı Kredi Faktoring
10.9% market share
Yapı Kredi Invest
14.1% market share
Yapı Kredi Asset Management
16.5% market share
Yapı Kredi Bank Nederland
Yapı Kredi Bank Azerbaijan

Financial Indicators (BRSA Consolidated-TL million)

Total Assets (TL billion)	Total Cash Loans (TL billion)	Net Profit (TL million)	Return on Average Tangible Equity	Cost / Income
781	403	10,490	%19.6	%31
+61%	+43%	+107%	+7.6 pp	-2 pp
(2020: 486)	(2020: 282)	(2020: 5,080)	(2020: 12%)	(2020: 33%)

Non-financial Indicators

ESG Commitments

- Reduction in Scope 1 and 2 carbon emissions within operational carbon emissions (baseline year: 2019):
  - 76% in 2030
- Commitment for % of women on board: 30%[1] in 5 years
- Commitment in July 2021 to set emission reduction targets within the framework of the "Business Targets for 1.5°C" of the Science-Based Targets initiative

International Platforms

- Science-Based Targets Initiative (SBTi)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- UN Principles for Responsible Banking (UNPRB)
- UN Global Compact (UNGC)

Sustainability Indices

- BIST Sustainability Index
- CDP Climate Change and Water Security: "B" in Climate Program, "A-" in Water Program
- Sustainalytics ESG Risk Rating: 17.1 (In the category of best-in-class companies with low risk)
- Bloomberg Gender Equality Index
- FTSE4Good
- S&P Global – The Sustainability Yearbook 2022 (Member)

(1) Policy acceptance date: February 2021

Website

Integrated Annual Report

Established in 1944, Yapı Kredi is a leading financial group together with its domestic and international subsidiaries. It carries out its activities under the segments of "Individual Banking" (consumer banking, private banking and asset management, and card payment systems) and "Corporate, Commercial and SME Banking". The Bank's operations are supported by its domestic subsidiaries consisting of portfolio management, brokerage, leasing and factoring as well as international banking subsidiaries in the Netherlands and Azerbaijan.

Increase in the Koç Group's stake

As publicly disclosed on 30 November 2019, Koç Holding has preemptive rights subject to certain conditions and time under the Share Sale and Purchase Agreement relating to Yapı Kredi Bank executed by and between Koç Holding, UniCredit and Koç Finansal Hizmetler in the event that UniCredit plans to sell its shares in Yapı Kredi. In this respect, upon consideration of the notice sent by UniCredit to Yapı Kredi, UniCredit was informed of the decision to purchase Yapı Kredi shares corresponding to 18% of the shares in the capital of Yapı Kredi with a nominal value of TL 1,520,469,231 held by UniCredit.

As of 19 November 2021, UniCredit informed Borsa İstanbul that it has sold the portion of Yapı Kredi shares it held with a nominal value of TL 168,941,029 on Borsa İstanbul. As a result of this disposal of shares corresponding to 2% of the Bank's capital, UniCredit's shareholding in Yapı Kredi decreased from 20% to 18%. The stake of "Other Shareholders", on the other hand, increased from 30% to 32%.

At present, total shareholding, direct or indirect, by the Koç Group in the Bank is 49.99% and 18% of total shares are held by UniCredit. Upon obtaining the necessary permissions, Koç Holding will carry out the purchasing of 18% stake owned by UniCredit.

Yapı Kredi strengthens its position in the sector while sustaining its support to the Turkish economy.

In line with its strategy, Yapı Kredi continues to reduce the concentration in loans and deposits, pursue fragmented and broad-based growth, and focus on transaction banking for fee and commission generation. Drawing on its sound capitalization and liquidity, the Bank keeps preserving and further improving its solid balance sheet composition.

The Bank's cash and non-cash loans expanded by 47% to reach TL 564 billion. Cash loans amounted to TL 403.1 billion, up by 43%. The Bank's market share among private banks went up to 16.2%. While loan growth was mainly driven by TL denominated loans, Yapı Kredi continued to support companies and exporters, and remained by the side of its retail customers. The Bank's customer deposits volume amounted to TL 412.8 billion, increasing by 59%, and its market share among private banks reached 14.3%. In line with its strategic goals, the Bank increased the share of demand deposits in total deposits to 43% achieving 7 percentage points improvement on top of the strong performance in 2021. The Bank captured 17.2% market share among private banks in TL demand deposits, up 58 basis points annually, and 13.9% in foreign currency demand deposits, up 42 basis points which contributed positively to funding costs.

The Bank continued to diversify its funding sources and secured more than USD 3.3 billion through syndications, securitizations and bond issuances.

Yapı Kredi signed two syndicated loan agreements in 2021. The Bank secured sustainability-linked funding in the amount of USD 962 million with the participation of 42 institutions from 20 countries in May, and in the amount USD 822 million with the participation of 38 institutions from 19 countries in October. The performance criteria moved the targets in May to the next level, stipulating increase in power supplied from renewables and improvement in ESG risk management rating. In addition to all those, Yapı Kredi carried out a sustainability-linked repo transaction with the Bank of America, one of the world's leading banks. The EUR 225 million successful deal entails performance criteria urging the Bank to improve its GHG emission levels.

In the last quarter of the year, Yapı Kredi obtained USD 558 million of financing under its Diversified Payment Rights (DPR) program based on future flow transactions within the scope of Sustainable Finance Framework with the participation of six investor banks. Approximately USD 340 million portion of the deal will be used towards supporting Yapı Kredi's green, social and sustainable loans. These transactions confirmed the financial strength and strong reputation of both the Turkish banking sector and Yapı Kredi.

Despite the negative impact of the volatility in the markets and exchange rates in 2021, the Bank's capital base has been supported by internal capital generation backed by profitability and optimization; the consolidated capital adequacy ratio realized at 15%.

In the same period, Yapı Kredi captured a successful loan-to-deposit spread performance with its robust and proactive asset-liability management strategy, and the net interest margin adjusted for swap costs was registered as 3.2% despite the fluctuating interest rates. With the added contribution of strong growth in commissions, a 16% increase in pre-provision income was achieved. The Bank's cost/income ratio was realized at 31%. The bank preserved its solid provisioning in its asset quality, and reported net new additions to NPL that remained limited and net cost of risk at 87 basis points. In the light of all these developments, Yapı Kredi increased its return on equity to 19.6%.

In line with its customer-oriented banking approach, Yapı Kredi carries on supporting the country's economy and its exports. Yapı Kredi continues its digital banking focused approach that places people at the heart of its activities, and maintains its investments in this field by incorporating technology in its business processes to the maximum extent, in a manner which makes life easier for its customers and enriches their experience.

World sustained its historic leadership in its 30th year

The Bank that is the first to introduce numerous banking products, principally credit cards, in Turkey, Yapı Kredi celebrated the 30th year of the launch of World in 2021. Yapı Kredi maintained its 32-year leadership in the credit card market in terms of outstanding volume and number of credit cards with its Worldcard brand. The Bank reached a market share of 16.7% with credit card outstanding volume of TL 50.9 billion and market share of 15.4% with 12.9 million cards. Yapı Kredi aims to sustain its historic leadership by pioneering the transformation in digital and card payment system on the back of Turkey's leading credit card platform, World.

Yapı Kredi acts with the sense of responsibility to leave a more livable world to future generations

Drawing on its solid capitalization, people-oriented innovative service concept without limits, and qualified human resource, Yapı Kredi keeps growing sustainably in its targeted areas. The Bank believes that economic growth can be achieved with a holistic perspective that tackles environmental and social sustainability issues in combination. With the steps taken along this line, it has successfully maintained its identity as the exemplary institution for the banking sector and the country for many years. Yapı Kredi espouses sustainability in every aspect and integrates it in all its business processes.

As a result of its gender equality initiatives, Yapı Kredi qualified for inclusion in the Bloomberg Gender Equality Index (GEI) 2021 in the first quarter of the year. In the reporting period, the Bank also joined among the banks supporting the Task Force on Climate-Related Financial Disclosures (TCFD) with members from 77 countries, which marked a continuation of its efforts for combating the global climate crisis. On another front, it was placed in A (Leadership) band in the CDP Water Program, the world's largest environmental reporting platform; becoming the top scorer in the Turkish finance sector, it was awarded CDP Turkey Water Leader title. 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.

Undertaking significant work also in relation to carbon emissions, Yapı Kredi minimizes environmental risks through its initiatives targeted at low-carbon transition and combating climate change. The Bank effectively manages its environmental and social impacts arising from its operations and its lending. Implementing ISO 14001 Environmental Management System at its Head Office and domestic subsidiary locations, the Bank calculates and reports its GHG emissions from its operations each year in line with the ISO 14064 standard. Furthermore, the Bank reduced its carbon footprint by 37% (~23,000 tonne CO_2e) from March 2020 owing to its transition to the lean working model erected on efficiency. Under the new model introduced, Yapı Kredi significantly reduced its environmental impact through decreased paper consumption coupled with less use of commuter buses for the employees. Yapı Kredi makes use of all communication channels including webcasts and podcast channels to raise awareness of its customers to promote more eco-friendly solutions, with the ultimate goal of reducing carbon emissions. In addition, the Bank also minimizes its environmental impact through its banking solutions.

Furthermore, Yapı Kredi works towards calculating the emissions arising from its credit portfolio and to set its reduction target in relation thereto within the scope of the Carbon Transition Program launched by Koç Holding. In this framework, it carries on with its initiatives to set its medium and long-term emissions reduction targets. The bank aims to establish is strategy for the transition of its credit portfolio, within the framework of which it will be reformulating its lending policies.

Under the new 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 2022, the Bank aims to preserve its sound capital base and asset quality while maintaining its sector position, solid balance sheet structure, successful assets-liabilities management and strong liquidity. The Bank will also continue to widen its offering to a broader customer base on both the loan and deposit sides, reaching more customers. In the medium term, it targets to be the best in its class in value creation with the support of its strong balance sheet and customer-oriented service model.

In today's world where the boundaries between physical and digital words are eliminated, Yapı Kredi aims to drive the transformation in digital and payment systems, and sustain its historic leadership with World, Turkey's leader credit card platform. The Bank's efforts will continue in the period ahead to further reinforce its pioneering position in payment systems.

Undertaking initiatives that will cater to customer expectations and enrich their experience, Yapı Kredi will keep supporting its customers in any respect they need based on its people-oriented service concept. Along this line, it will continue to author projects that lift limits in every aspect of banking, as it has presented numerous trend-setting innovations to the sector drawing on its solid position in the sector and its innovative character.

In the coming period, Yapı Kredi will work committedly to contribute to the society through initiatives in environmental, social and governance areas. In this framework, the Bank will support green transition in all respects, including the financing channels offered to the business world. Its financial solutions targeted at sustainable development will be carried on in the form of various products and services centered on sustainable finance, such as green bonds, renewable energy and energy efficiency loans.

Koçfinans

Koçfinans continues to offer integrated financing solutions.

Having spearheaded customer-friendly, swift and easy borrowing, Koçfinans played an important role in the outspreading of easy borrowing processes in both its own sector and the banking sector. The Company is specialized in every segment and every stage of the automotive sector's value chain from manufacturing to inventory, from sales to after-sales, new to used cars, passenger cars to commercial vehicles. Koçfinans continues to drive the development of the sector and lead novelties with its technology, systems and processes.

The Company's portfolio volume grew by 54% compared to previous year TL 4.5 billion, with the number of its customers up by 13% to 45,171 and total assets increased by 50% to TL 4.9 billion.

Customer experience

In 2021, the Company increased the number of its partnerships with online vehicle sales platforms, and set itself apart from its competition by making API (Application Programming Interface) a part of its technological solutions. It kept steering the sector by designing an end-to-end perfect experience with its integrated financial solutions offered to consummate its customers' digital vehicle purchase journey.

The Company achieved net promoter scores (NPS) of above 80 in 2021 with its vision of being the most recommended financial solutions center of its customers.

Data-driven

Data analytics, machine learning and algorithms have marked the priorities Koçfinans focused on in order to better know its customers, better manage their risks and offer innovative products. To this end, Koçfinans makes use of R&D-based new technologies to capture development opportunities, and engages in data-driven analytical projects. In the second operation year of the R&D Center, the company applied for a patent for its projects focused on customer experience.

The Company introduces innovative applications with the aim of contributing to the performances of its contracted sales points. Koçfinans was awarded in the Big Data & Analytics category at the IDC Türkiye Finance Technology Awards with its "Performance-Based Gamification Application".

Equal participation, equal rights and benefits

Koçfinans is endeavoring to create the working environment conducive to ensure that individuals participate equally in all departments of social life and have access to equal rights and benefits. The Company manifests its commitment to gender equality with its total employees comprised of 50% by women and 50% by men, and the ratio of women employees in management.

Forward-looking expectations

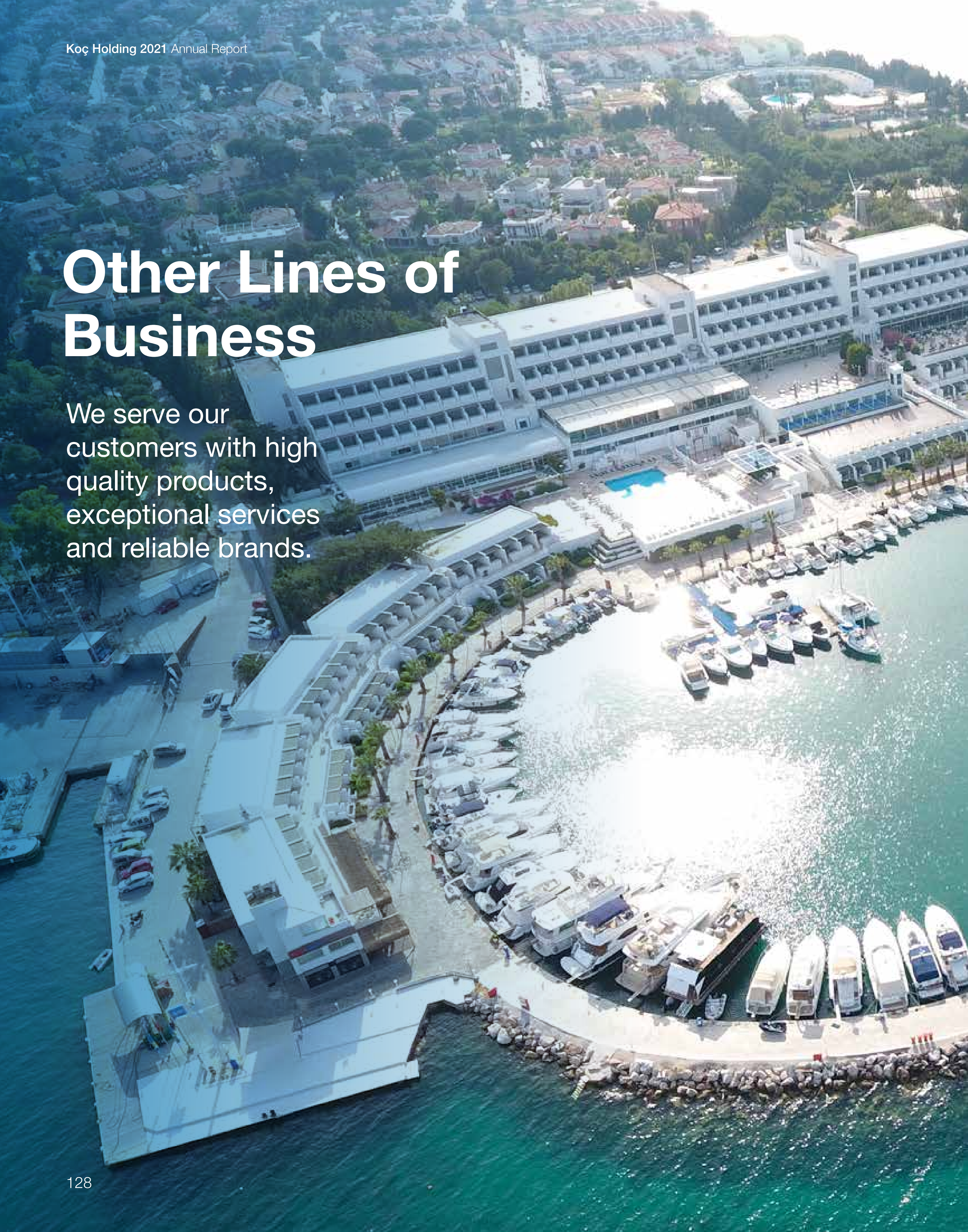
Koçfinans devises new business models and processes by accurately analyzing its customers' expectations and making use of new technologies.

Having set its target to outperform the sector in 2022, the Company will keep increasing its depth on the back of original work models and producing integrated and profitable solutions with product bundles that nurture one another. In addition, it will remain focused on automotive financing and adhere to its target of achieving stable and profitable growth through innovative solutions. With its data-driven approach and focus on customer experience, the Company will add momentum to its segmentation and projection modeling initiatives.

Successfully persevering with its agile and technology-oriented cultural transformation, and its restructuring focused on customer-centricity, cooperation and innovation, the Company will concentrate on increasing its maturity level in its agile transformation journey.

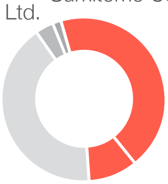
Other Lines of Business

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



The sector's leading brand, Tat Gıda, offers wholesome food products with its pioneering role in sustainable agricultural practices and exports to 40 countries.

Ownership Structure



Domestic Position

Leader in tomato products, tomato paste, ketchup and canned pickles by its revenue share

International Position

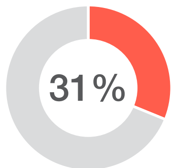
Exports of branded products to **40 countries**

The world's 10th largest production facility in terms of tomato processing capacity

Financial Indicators (TL million)

Total Revenues[1]	Operating Profit/(Loss)[2]	Profit/(Loss) Before Tax	Net Profit/(Loss)[3]
1,092	125	154	158
+36%	+8%	+60%	+121%
(2020: 803)	(2020: 115)	(2020: 97)	(2020: 71)

Share of International Revenues



(1) Excluding operating results for the milk and dairy products business line classified under discontinued operations.
(2) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.
(3) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Commitment for % of women on board: 25%[1] in 5 years

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Sustainability Indices

- BIST Sustainability Index

(1) Policy acceptance date: February 2021

Website

Annual Report

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

Tat Gıda carries on with its investments in line with its targets to grow in its export markets and broaden its product range.

Tat Gıda carries out its production at its plants in Mustafakemalpaşa/Bursa, Karacabey/Bursa and Torbalı/İzmir, and increased its annual tomato paste production capacity from 71,000 thousand tonnes to 85,000 tonnes, and pickled gherkin production capacity from 5,000 tonnes to 22,000 tonnes with capacity expansion investments in 2021.

Three domestic plants of Tat Gıda processed a record 503,000 tonnes of tomatoes during 2021, which is 32% higher than the previous year. Following the capacity increase, the quantity of tomatoes processed reached 23% of total industrial tomato production of Turkey.

In 2021, Tat Gıda's production totaled 132,000 tonnes including tomato products, sauces, pickles and ready-to-serve meals, translating into a rise of 25% as compared to the previous year.

Record sales and revenues captured in branded products within Turkey

Despite the challenging market conditions, Tat Gıda further extended its stable growth in Turkey through capacity expansion investments and commercial marketing, and captured an all-time record high level of branded products' sales. As a result, market shares in the relevant product categories improved in 2021 and the Company's leading brand position was further strengthened in tomato products, tomato paste, ketchup and pickles[1].

Rapid growth in exports continues

Tat Gıda reproduces its success in the domestic market also in the international arena. A major player with its products in Iraqi, Japanese and German markets, Tat Gıda exports its branded products to 40 countries from Japan to the USA. The Company booked a record high USD 37 million in exports in 2021, translating into a 28% growth year-on-year. This rise brought Tat Gıda's share of international revenues to total revenues from 26% in 2020 to 31% in 2021.

Tat Gıda also leads digitalization in agriculture

Leading the development of industrial tomato farming in Turkey, Tat Gıda works hand in hand with the farmers to upgrade tomato production in our country to international standards and render it sustainable on the back of its investments in digital technologies.

(1) Nielsen; Data on Tomato Products, Paste and Ketchup excluding Discount Stores & supermarket data for Pickles (2021)

Tat Gıda pioneers the sector by offering trainings to help the farmers progress and strengthen, while targeting to increase productivity in agriculture and support the future of farming through expanding the use of digital agricultural implementations. The Company organized the "Tat Digital Field Day" in July 2021, which has evolved into an annual ecosystem event for the digital transformation of industrial tomato farming. The farmers were provided with information about solutions and technologies such as drone-assisted crop monitoring and spraying, crop health monitoring using satellite and imagery technologies, smart irrigation techniques, automated steering systems, agricultural climate and early warning stations, digital soil analyzers, field sensors, weeders with automated steering, insect monitoring with camera-equipped pheromone traps, and determining tomato planting areas and yield estimation using satellite data. In addition, the farmers were offered information and guidance about good agricultural practices, protection of the environment, environmental risks and sustainable farming.

Due to the climate crisis and drought that were aggravated in recent years, attaining higher yield using less resources becomes more important. With 11 tonnes of yield per decare it achieved on the back of digital farming practices that is implemented on an area of 2,500 decares, Tat Gıda carried the tomato harvest averaging 7-8 tonnes in our country above the worldwide average. Following up the latest technologies in topics such as increasing soil fertility and implementing them in its fields, Tat Gıda uses smart systems for drip irrigating, whereby it saves 30% in water consumed.

While aiming to be the pioneering company steering the sector through broadening the use of these practices, Tat Gıda will keep collaborating with all its stakeholders and creating value, as it has been doing for 55 years, within the frame of sustainable agriculture and farming concept.

Forward-looking expectations

- Healthy food awareness that was heightened in the wake of the COVID-19 pandemic and diversified food needs trigger major changes in eating habits. This transformation leads to increase in the demand for food products of vegetable origin market, in which Tat branded products take place.
- Sustainable agricultural practices, the importance of which has been further unearthed with the climate crisis, responding to the ever-increasing consumer awareness in this respect, as well as Digital Agricultural practices that will allow traceability of every step of production with respect to healthy foodstuff production will make the highlights of the main topics Tat Gıda will dwell upon in the upcoming period.
- In 2022, Tat Gıda plans to strengthen its operations in main markets on the back of investments in its innovative product range, production technology and capacity, whereas it intends to capitalize on organic and inorganic growth opportunities and to upgrade its product portfolio in view of fast-changing consumer needs in the international markets.
- As being included in the Carbon Transition Program, launched by Koç Holding to become carbon-neutral by 2050 and which covers specific and feasible steps for combating the climate crisis, Tat Gıda takes the necessary actions within the scope of this project.

Düzey

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

Having an experience of more than 46 years, Düzey possesses a team of approximately 1,200 people specialized in their respective fields. The Company enjoys a countrywide reach with one main warehouse, five regional warehouses, 62 sub-distributors and 200 Düzey mobile dealers.

Düzey successfully carries out the sales and distribution of Tat, Ferrero, Dardanel, Pringles, Sek, Upfield, Maret, Pastavilla, and Züber, which are all leading brands in their respective categories.

Düzey keeps growing together with its producers.

Düzey serves to its customers with more than 550 micro in-city and more than 90 inter-city TIR/truck shipments that depart every day. During 2021, the Company issued invoices to an average of 60,000 conventional outlets and 50,000 modern outlets per month, and realized the sales and distribution of 173,000 tonnes of food products to a total of 150,000 outlets. Compared to the previous year, the Company recorded a 30% sales growth.

With TL 2.6 billion revenues in 2021, the Company kept growing together with its producers.

Having focused on data analytics, the Company achieved efficiency in its distribution costs in 2021.

Targeting efficient growth, Düzey reviewed its field reachout model according to the dynamic customer segmentation framework using the data analytics function set up in 2021, and secured savings of 18% in the number of vehicles.

Competitive Advantages

- The widest distribution network in Turkey capable of reaching each and every channel
- Low-cost distribution advantage channeled to business partners that is secured from the synergy created with multi-brand distribution capability
- Sustainable efficiency in the by using big data in conjunction with advanced modeling techniques
- A wide variety of daily data flowing in from sales outlets and sub-distributors, which are regularly shared for accelerating business partners' strategic decision-making processes
- Know-how compiled with its strong domestics and international brands used for driving the progress of new brands included in the portfolio
- Services offered via a field support team of 200 people at chain stores across Turkey

Forward-looking expectations

The key business strategies of Düzey are as follows:

- Distribution of non-food brands in order to increase the synergy of the platform
- Increase sales efficiency by working with logistics distributors in big cities in Anatolia, without opening a regional warehouse
- Use its distribution strength in the conventional outlet and increase the share of this channel with its private label products
- Establish a dedicated fleet to service gas stations, package stores and sellers of dried nuts and fruits with the aim of increasing efficiency on the conventional outlet

In its 25th year, Koçtaş became the most preferred and trusted company in its sector.

Operating in the field of home improvement (DIY) retailing via its digital channels, and a total of 228 stores (41 Koçtaş, 187 Koçtaş Fix) across 43 provinces in Turkey, Koçtaş is a one-stop solution center bringing together all needs and ideas for improving and beautifying every living space. In 2021, the Company preserved and further strengthened its leadership in the home improvement sector despite the pandemic, and became the company with the highest number of stores.

Having concentrated on research during periods of uncertainty that came with lockdowns at the start of the pandemic, Koçtaş held numerous workshops with its employees and launched the "Koçtaş 2.0" project. Having set ambitious targets with the project that searches the answer to the question "What kind of a company would we set up if we were to found Koçtaş from scratch during the pandemic?", the Company decided to grow on all multi-channels and many of the initiatives determined then have been enforced.

Continuing with its expansion in Turkey by opening physical stores, Koçtaş reached every corner of the country with its digital channels where it captured significant growth.

In 2021, the Company's sales on all digital channels including koctas.com.tr, Koçtaş mobile app and in-store quick order screens surged by 67% compared to the previous year.

Koçtaş has been reaping the benefits of its long-lasting investments in digital transformation and maximizes customer, employee and stakeholder satisfaction through projects and applications implemented in its own R&D center.

The Company integrated the "MİSS" (In-Store Sales Systems) developed at its R&D center and used by sales consultants for in-store mobile sales and quick deliveries with the "MoNa" used in after-sales services, and thus acquired the capability to satisfy all customer needs over a single system.

So far, more than 35,000 repair people and over 170,000 customers registered in "Ustabilir", a Koçtaş platform bringing customers and repair people together. In 2021, the number of repair people and customers registered with Ustabilir increased by 315% and by 191%, respectively.

Other important developments

- Following the customer and data analytics studies, Koçtaş opened its first "Medium Box" store with an area of 3,000 m^2 in Ankara in 2020, applying store-based planogram principles. The Company continued to open stores in the same format with its new store in Manisa in 2021.
- Training and recruitment processes were redesigned. Internship programs training the Future Koçtaş Employees (STEP) were rolled out across the stores.
- Thanks to OHS measures implemented and installation of the digital infrastructure, lost time injury rate was down by 60%.
- Aiming to respond to consumers' expectations for value-for-money purchases, Koçtaş began selling its products under the "Koçtaş Basic" private label on all its channels.

Sustainability indicators

- Via the "Lean SixSigma" approach, the Company keeps actively implementing its principle of sustainably increasing the efficiency of available resources, as well as reviewing and improving its business model in view of evolving customer needs, competitive environment and digital transformation.
- Using automation systems in energy consumption under the Zero-Based Budgeting process, Koçtaş sets the in-store lighting system depending on the daylight outside. Lightmeters are used for lighting and energy consumption is prevented from exceeding a certain limit.
- Carrying on with its activities within the scope of the carbon transition program, Koçtaş sustains its efforts to reduce its emissions arising from consumption of natural gas and diesel as generator fuel, use of company vehicles, forklifts and lifting equipment, AC cooling gases, aerosols, use of fire extinguishing systems and electricity consumption.
- The number of stores holding ISO 14001 Environmental Management System went up from 4 to 13. The Company is also a member of the Green Office program of WWF-Turkey.
- Giving priority to develop and contribute to its employees in every respect, Koçtaş raises awareness on sustainability through various training programs addressing topics such as waste management and energy consumption.

- Koçtaş is the first company from the DIY sector to receive the Safe Service Certification from the Turkish Standards Institute.
- Contributing to primary school students all over Turkey in order to enable them to receive education in improved physical environments under the "Next to You" program, Koçtaş stood next to 25 underserved schools on the occasion of its 25th year in retailing. The Company extended paint and painting materials to support the remaking of interior walls of schools in need. Under this program that is conducted with the engagement of its employees, Koçtaş aims to stand next to 30 more schools in 2022.

Forward-looking expectations

Koçtaş aims to build on digital and data analytics capabilities of its human resource, to upgrade system infrastructure, and to introduce projects and practices targeted at achieving excellence in customer experience within the frame of its multi-channel strategy. While aiming to keep growing ambitiously on all sales channels in the coming period, it will also focus on increasing the share of its digital sales within total sales.

Setur

Setur is one of the first and pioneering tourism companies in Turkey.

Established in 1965, Setur operates in the fields of duty-free store management, domestic and international tour operations and hotel reservations, air ticket sales, visa services, cruise travel, congress and event organization and international training organization.

Duty-free stores

Duty-free stores operation carried out via 42 Setur duty-free stores at airports, land borders and seaports in 19 regions constitute a significant portion of revenues.

In 2021:

- New products and brands were introduced from diverse price ranges on the category side in line with changing customer profile and habits.
- Field renovations at İpsala border crossing were completed and the new passenger stores opened for service.
- Relocation to the new terminal building in Gaziantep Airport is completed and operations will be resumed from the new terminal from January 2022.

Tourism activities

Setur offers services in the tourism sector through 5 branches, 39 authorized agencies in 18 cities, 150 system agencies and three operator agencies.

In 2021, the Company,

- achieved growth in domestic tourism and organized the hotel accommodations of 98,000 individual and 254,000 corporate customers. Based on its effective management of customer demands, the company ranked first with a satisfaction rate of 86% in the "Customer Satisfaction Survey" conducted by Sia Insight, an independent research company, and thus retained its leadership in the area of customer satisfaction,
- organized hotel accommodation for approximately 4,000 individual and corporate customers in the international market and 3,710 visa applications were completed,
- handled the flight plans of 168,000 passengers within the scope of ticketing operations,
- offered service to 11,000 people in 885 organizations, 400 of which were held online and hybrid, via MICE unit.

Sustainability

Acceptance has been received for the application submitted to organize the events furnished by MICE unit in accordance with "ISO 20121 Sustainable Event Management Systems" standards. The process will be activated with the first event to be held within this framework.

Forward-looking expectations

Setur aims to increase its market share in the sector and its brand awareness in line with its plans to grow in the domestic holiday hotels market.

Targeting to offer end-to-end travel experience to its customers on the back of projects including CRM and data-driven smart suggestions, dynamic pricing, chatbot and customized new sales channels, Setur will keep investing in digital technologies. In order to highlight the technology forming the infrastructure of services to be rendered in line with Setur branding strategies, all IT and R&D activities are gathered under the SeturTech brand, and communication activities were commenced addressing employees and other stakeholders.

In the duty-free business, Setur plans to further increase its profitability with store openings in new locations, new brand agreements, and digital transformation projects.

SeturMarinas

Setur Marinas is one of the few marina chains in the Mediterranean basin and the leader in Turkey with 21% market share.

Having started operations 43 years ago with the Çeşme Altınyunus Marina, today Setur Marinas is the leader in the marina sector with 21% market share in Turkey.

One of the few marina chains in the Mediterranean basin

One of the few marina chains in the Mediterranean basin, the Company pursues operations in ten marinas in total, which are Kalamış-Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Kaş, Antalya and Finike in Turkey, and on the Lesbos Island abroad. Setur has a total berth capacity of 5,461 yachts, 5,204 in Turkey and 257 abroad.

Reflecting the advantages derived from being a marina chain to yachters, 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.

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. Having implemented many successful projects in digitalization, the Company is constantly breaking ground with the services it offers its customers such as making payments and undertaking contract transactions via mobile applications.

Social and environmental responsibility

An important mission of Setur Marinas is to promote, popularize and spread seamanship, marine tourism, sailing and other marine sports. To this end, Setur Marinas hosts sailing clubs and a number of yacht races and events, including the Aegean Yacht Rally that covers the mainland and islands of Greece.

Extending support in marine-related social issues, and owning initiatives for protecting the environment and the nature make another major area of responsibility for Setur Marinas.

Setur Marinas ensure harmonious execution of all its activities in line with its environmental policy and environmental strategy plan, and address global environmental issues such as climate crisis, plastic pollution, loss of natural resources and biodiversity within priority environmental risks. The Company carries out its activities making it a principle to make environmentally-sensitive investments based on its business model which integrates environmental sustainability in all activities.

Forward-looking expectations

In the years ahead, Setur Marinas aims to consolidate its leading position in Turkey by growing its market share and to increase the number of marinas it operates outside of Turkey and become an international brand in sustainable marina operation and digitalization. Along this line, the Company closely follows opportunities both domestically and internationally, and monitors global trends.

divan

The Divan Group offers a broad spectrum of services ranging from accommodation to food and beverages, catering and production of bakery products.

The Divan Group operates with a total of 17 hotels three of which are located in Georgia, Azerbaijan and Northern Iraq, 2 residences, 22 patisseries, 167 bakeries (122 of which are in Opet Ultra Markets), 22 restaurants, 2 stadiums, 2 banquet units and a production facility with an enclosed area of 15,000 m^2 located in Taşdelen.

The Divan Group offers a wide service network in the sector with its hotel and patisserie-restaurant-bakery management, production, residential management and event organization activities.

Developments in 2021

Divan strengthened its position in Ankara with the addition of its 150-room new hotel in Çankaya to its portfolio in 2021. On another front, the construction project of Divan Kuruçeşme with a capacity to host more than 2,000 guests reached the final stage. In addition, Kokoa, the new generation café, began welcoming guests, Divan Bodrum hotel has been totally renovated, and the presence in Bodrum was further increased with the Divan Pub opened inside Bodrum Milta Marina.

Divan increased its prevalence with two new Divan Cafeterias at Liv Hospital Vadi İstanbul and Altunizade Academic Hospital in İstanbul, and Lotus Bistro by Divan at the Koç Group Sports Club. In addition, Atatürk Cultural Center Brasserie and City's İstanbul Pub projects continued that will open their doors early in 2022.

During 2021, Divan launched numerous new projects based on continued digital transformation initiatives related to customer experience, operational excellence, advanced analytics and decision-making.

Sustainability

In line with its vision erected on respect for the nature for a sustainable future, the Divan Group pledged to keep being a part of the solution in the fight against plastic waste pollution that leads to negative impacts on the nature and climate change within the scope of the Business Initiative for Plastic, of which it is a signatory.

Forward-looking expectations

Divan targets to strengthen cement its leadership position in the sector through new locations to be opened in the lodging, food and beverage sectors, as well as the new business models it will introduce.

Divan aims to maintain its pioneering stance in the sector through continued investments in unmatched guest experience, qualified human resource and digital transformation in line with its long-term sustainable and profitable growth goal.

Zer

Combining strategy, expertise and technology in supply chain and purchasing management, Zer provides end-to-end solutions to increase the resilience and flexibility of companies.

Turkey's first and largest purchasing company, Zer, carries out the procurement and supply chain management processes of thousands of companies with its experience of more than 18 years, its dominance in different sectors, its competent expert staff and the technology solutions it has developed. In this context, the company accelerates and facilitates companies' business processes and offers end-to-end solutions that bring savings under the volatile circumstances of trade.

Secure ecosystem, experience transcending categories

Zer offers customized strategic roadmaps to its business partners by accurately analyzing sector and supplier behaviors at each stage of purchasing and supply chain processes, and by combining all the data derived with its expertise. In addition to its main fields of engagement, which are logistics, materials and media, the company makes mass purchases on behalf of its customers across a broad array ranging from specific services purchasing for outsourcing, equipment, transportation, and facility management to second-hand commodity, industrial waste and scrap sales. The Company offers fast, practical and reliable technological solutions in purchasing and procurement processes under its various brands, particularly its strategic purchasing platform Promena, as well as ZerOnline, Loji-Portal, Araciste and Zervis.

Expanding its ecosystem by creating collaboration opportunities with domestic and foreign companies in addition to the Koç Group, Zer builds on commercial relationships on the back of its collaborative business understanding founded on trust, and creates shared value for its stakeholders drawing on the power of the ecosystem it addresses.

Zer in 2021

In 2021, during which the pandemic persisted, the key challenges facing the supply chains and purchasing management were; increased commodity prices, deteriorated supply-demand balance, and upward price movements in the logistics sector. Zer helped both its business partners and suppliers to be prepared and well-equipped against uncertainties on the back of its long-lasting partnerships, visionary agreements and mass purchasing volume.

- The company provided uninterrupted business flow to its customers through domestic supply possibilities enabled by alternative solutions. Market volatilities caused by the pandemic were managed through long-term purchasing agreements.
- Zer actively worked with 1,295 suppliers by adding more than 200 new suppliers from 50 different sectors to its domestic supplier network in 2021.
- It contributed to effective management of operations, costs and risks by its business partners owing to alternative suppliers, alternative and multimodal transportation modes, and the mass purchasing volume it created.
- Agreements were renewed for correct pricing purposes upon analysis of weakened economic cycle and increased prices along with the reasons driving the prices up. Payment plans were established to provide some relief to the suppliers, and suppliers were matched with different buyers. Resources have been created for suppliers experiencing difficulties with the Supplier Financing System.
- The number of strategic business partners abroad was increased to 15 countries across five continents in line with global growth targets.
- The strategic purchasing and supplier solutions platform, Promena expanded its global network, and share of the demands from foreign countries reached 52%.
- Robotic process automation works for routine tasks covering operational processes were improved and 27 processes were handed over to robots.

Forward-looking expectations

Zer will keep working to "increase the resilience and flexibility" of its business partners', by enabling them to be prepared and well-equipped against uncertainties and changes, based on its business model that is offering collaborative strategy and forecasting capability.

With the aim of making its purchasing and supply chain management services available to a higher number of companies, Zer intends to constitute a substantial portion of its purchasing volume under its management of non-Koç Group customers by 2026. The Company also targets to increase the share of its overseas revenues within total turnover by building on its recognition and business capacity in global markets. With its focus on digital transformation in purchasing and supply chain, Zer aims to increase the use and awareness of its technology solutions carried out with an agile and sustainable management concept; hence, the company seeks to generate 50% of its revenues on technology solutions.

KoçSistem

KoçSistem serves to more than 1,100 customers with its expertise and digital solutions.

KoçSistem, the leading technology company that centers on the business needs of its customers, develops its own products and services, offers integrated solutions, and contributes to digital transformation of Turkey with its over 75 years of business experience and digital transformation solutions offered through more than 80 national and international business partnerships, 1,500 expert employees who have spread over 81 provinces, wholly owned subsidiary KoçDigital and the B2B Entrepreneurship Platform Techsquare.

2021 developments

KoçSistem has maintained its position of "Turkey's Most Valuable IT Brand". The company has built up strong strategic partnerships with the world's largest technology developers and thus offers all new generation technologies to its industry leading customers in Turkey and in the global arena. KoçSistem digitizes the total value chain of institutions with its innovative portfolio that addresses the needs of all sectors. KoçSistem started off serving nearly 130 new customers including companies such as Türkiye İş Bankası, Coca-Cola İçecek, Kale Seramik, Sandoz, Eren Holding, Reckitt Benckiser and Çelik Motor in 2021 with its sectoral perspective and market-oriented product approach. The Company serves to more than 1,100 customers operating in variety of sectors such as retail, finance, manufacturing and insurance.

As a brand that develops, implements and exports technology, KoçSistem and KoçDigital have continued to provide economic benefits to our country and its institutions. KoçDigital creates value for institutions through its solutions such as "Platform360", the largest industrial internet of objects platform of Turkey, "Production Management System", "Energy Monitoring" and "Digital Mining". KoçDigital, the leading artificial intelligence company in Turkey, pursues its analytical works in many areas ranging from supply chain to human resources analytics. About 150 people have graduated from the KoçDigital Academy, which was established with the mission of training human resources that are specialists in the field of analytics.

Koç Bilgi ve Savunma Teknolojileri, a subsidiary of KoçSistem, began producing solutions for civilian sector organizations that use the marine ecosystem, and has emphasized its export-oriented growth strategy, in the 15th anniversary of its establishment.

Social responsibility

With its business partners AÇEV and YKY, KoçSistem carries on educating parents on the use of technology and raising awareness on this subject within the scope of the social responsibility project, the "Family Hour", which it started for the healthy use of technology.

Forward-looking expectations

KoçSistem intends to maintain its commitment on developing domestic technology in 2022 with the first software R&D Center in Turkey, which are "KoçSistem R&D and Innovation Center" and the "KoçDigital R&D Center". KoçSistem will contribute to Turkey's leap in technology by leading successful digital transformation projects for all institutions, irrespective of their scales, and by continuing to provide export opportunities.

iNVENTRAM!

Inventram invests in a wide range of areas in future technologies and innovation.

Inventram provides financial management, marketing, business development and sales support to startups and is differentiated in its sector with its ‘new generation technology investment company’ vision. Taking on an important role in Turkey’s technology exports, Inventram has been the company to deliver deep technologies developed by Turkish entrepreneurs to the US and Europe with its capabilities in accessing international markets, adaptation and enabling them to position globally.

Developments in 2021

With the Portfolio Management Platform it has developed as part of digital transformation, Inventram engages in detailed data-driven monitoring and management of portfolio companies.

The company’s high-tech investments jointly with Koç Holding totaled approximately USD 30 million so far. Five of the nine startups in its portfolio operate in the US, while one of them will be located in Germany.

Investment portfolio

- Pursuing operations in the US, Sensobright LLC. provides a sense of touch over human tactile sensing resolution to robot technologies with the unique “artificial skin with tactile sensing”.
- One of the investments in the US, Setex Technologies Inc. is the first commercial manufacturer of dry adhesive technology, and delivers its products ensuring strong adhesion through Amazon.com.
- 3D holographic display technology developed by the CY Vision Inc. established in the Silicon Valley delivers real 3D images on the windshields of vehicles.
- With the digital health mobile app co-developed with Johns Hopkins University, Digitheronix Corp. remotely measures post-traumatic stress disorder symptoms.
- The portable CoaRight device developed by Tarabios A.Ş., the company’s most recent investment, produces “lab equivalent” results in self-testing of coagulation parameters by the patients.
- Augmency A.Ş. provides a local platform to the global market in the field of wearable augmented reality with Cyclops HMD®, a proprietary integrated device.
- Vispera is an image recognition and data analytics company, whose internally developed technology helps manufacturing companies reliably track and monitor their products, shelf shares, inventory level and placements at sales outlets.
- Kuantag A.Ş. presents brand protection and anti-counterfeit solutions for fuel and gases to global markets using the “quantum dot” and “sensor technology”.

Forward-looking expectations

The long-term strategy of Inventram is to create new business areas focused on high technology where the Koç Group could establish itself a presence in the near future.

Operating in the investment ecosystem that has been rapidly developing across the world in recent years and working to expand its portfolio and help grow its companies based on its visionary approach, Inventram will keep investing in early startups and scaleups in 2022.

Token continues to develop payment systems products catering to diverse needs and targeted at global markets.

Token Financial Technologies (Token) focuses on providing businesses with payment solutions aligned with the requirements of the modern world, enabling them to increase their digitalization, productivity and profitability with the new technologies it develops.

The Company keeps a close eye on the developments in payment systems and credit cards market, and designs its products to cater to changing needs in these fields.

Developments in 2021

Credit cards, the most important payment instrument used in in-store and online purchases in Turkey, kept increasing in number in 2021. In the first 11 months of the year, the total number of credit cards grew by 10% to reach 83 million as compared to year-end 2020. In the same period the number of debit cards and prepaid cards, two other important payment instruments, went up by 3% and 28%, respectively. Mobile contactless payments and payments with 2D code that gained increased popularity due to the pandemic, continued to be preferred at a growing extent by consumers in 2021. As of November, mobile contactless payments grew by 157% and payments with 2D code by 127%.

In 2021, Token sustained its leadership in the cash register POS devices market in Turkey. The number of cash register POS devices developed by Token and sold under Beko brand name exceeded 700,000 as of 2021. In the reporting period, Token's revenues grew by 34%.

New products and services

While maintaining its leadership in physical cash register POS devices market on one hand, Token also keeps introducing new products that will back its business model and are aligned with the changing customer needs, by closely monitoring the developments in the payments area.

Accordingly, Token entered the Turkish meal card market in 2021 with "TokenFlex" brand. The fact that approximately 100,000 of Beko-branded cash registers found at over 700,000 points in Turkey are being used at cafés and restaurants indicates the potential for the spreading of TokenFlex in the meal card market which still has a low penetration level in the country. In alignment with the consumers' changing expectations and shopping habits, TokenFlex works on a digital and flexible infrastructure.

Token targets to be the first company to introduce the product to the market with Beko 1000TR pump cash register that it developed pursuant to the Ministry of Treasury and Finance communiqué that compels the replacement of pump cash registers used at gas stations. The company intends to capture a significant market share in connection with product replacements until year-end 2023 and to increase its revenues both on payment services and device sales.

Having upgraded its systems in accordance with the communiqué on “Secure Mobile Payment and Electronic Document Management System” (SMPEDMS) put into force by the Revenue Administration in 2019, Token has been one of the first three companies to receive SMPEDMS operating company approval, besides its existing business model focusing on cash register POS devices. In this context, Token puts on sale its services combining sales, payment and e-invoice processes in a single device also by integrating it with Beko 400 TR branded Android POS device.

International activities

Token pursues business development activities also abroad via Token International Holdings B.V. incorporated in the Netherlands, and Token Payment Services SRL incorporated in Romania. Via its subsidiary in Romania, Token plans to receive license from the Central Bank of Romania for offering payment systems firstly in Romania and then in all EU member countries. The company intends to combine these services with physical POS, cash collection and prepaid card service and to be the one-stop-shop that European consumers and corporations will turn to for payment solutions.

Forward-looking expectations

Token aims to preserve its leadership in the physical cash register POS devices market in Turkey, which is its main market. In addition, it targets to achieve increased market share in meal card and online payment solutions, whereas it seeks to be the strongest player in new generation pump cash register POS devices segment.

On the international front, the company’s efforts are in progress for obtaining payment services licenses for the European market, creating an ecosystem for its products and services, and starting operations upon receiving the necessary licenses.

Token Payment Services and Electronic Money

Established as an subsidiary of Token, Token Ödeme Hizmetleri ve Elektronik Para A.Ş. (Token Payment Services and Electronic Money) successfully passed the audit for verifying conformity to the ancillary regulations to the Law no. 6493 on Payment Systems and Electronic Money Issuance and Payment Services Providers published on 1 December 2021, and is waiting for operating permit from the Central Bank of the Republic of Türkiye. Token Payment targets to offer end-to-end payment solutions in e-commerce to businesses and marketplaces under the brand name Odero.

RMK Marine keeps realizing specific and eco-friendly shipbuilding projects.

Focusing on tanker, military vessel and super/mega yacht building projects, RMK Marine is one of the leading shipyards in the sector with its infrastructure capacity and sustainable capabilities that meet the Industrial Quality Assurance Requirements for Design and Production.

Developments in 2021

Having closed 2020 with two contracts, one for building a super yacht and the other one for a tanker despite the pandemic-compelled restrictions, RMK Marine undersigned a contract for building a third ship in the military vessel for exportation category in 2021.

Throughout 2021, RMK Marine continued to focus on pandemic management in its OHS activities. As part of the management of the process, "Emergency Response Plans" and "Risk Analysis and Management and Security Guidelines" were constantly revised to accommodate the changing circumstances, and risk monitoring and health checks continued to be performed for all employees. Risk was minimized on the back of investments, arrangements and improvements undertaken within the facility.

Uninterruptedly carrying on with its activities thanks to these measures implemented, RMK Marine progresses with the building of vessels under three different categories, for which contracts have been signed, in line with contractual requirements, budget and project timelines.

Forward-looking expectations

Being its customers' long-lasting, reliable and value-added solution partner, RMK Marine targets to execute military vessel building projects, in addition to eco-sensitive commercial vessels and superyachts with low operating costs, fitted with cutting edge technological systems and entailing high level of integration and automation.

The Company will sustain its indispensable principle, taking maximum care to uphold the trust and satisfaction of its employees and project stakeholders.

Ram

Ram contributes to exports and economy with its value creation and human capital.

Ram Dış Ticaret develops new business models in new markets while increasing its efficiency in modern foreign trade practices with the digital transformation initiatives it undertakes.

New collaborations and business development

Ram sustained its profitable growth in line with the company and the Group targets in 2021. In addition, it has laid the foundations for new collaborations with domestic and international stakeholders.

Last year, Ram started supplying aluminum sheets for the companies in automotive supply industry which it has expanded in line with its plans to create a sustainable business model out of it, and expanded its customer portfolio with new additions.

Under the Islamic Development Bank's program of grants provided to Kyrgyzstan and Tajikistan, Ram completed the delivery of mobile hospital units, consisting of 21 expandable trailers complete with all the medical fixtures and consumables. Drawing on the experience acquired in mobile healthcare solutions, the company carried on with its attempts before international organizations and public agencies to undertake similar projects and also kept working to identify new medical equipment suppliers for inclusion in its portfolio.

Iron and steel products

Continuing to supply flat steel products for the Koç Group and supply industry companies, Ram delivered 339,000 tonnes of flat sheet in 2021. Also, the Company added cutting, slitting, and dimensioning to its services in flat sheet supply, and thus developed value-added solutions catering to customer needs. It enhanced service quality and increased process efficiency through data integration provided to key accounts.

An international gateway for SMEs

Ram keeps providing financial and governance support to SME-scale producers for penetrating international markets. The Company initiated market development and export activities with companies engaged in natural food products, medical equipment and high technology with which it has concluded agreements in 2021.

Digital Transformation

The Company transition to a paperless environment by 80% thanks to the documentation management system that went live, and increased data security and process efficiency through SAP data integration with key accounts and custom agencies. Additionally, it has initiated the process for obtaining "Authorized Economic Operator Certification" that decreases costs and saves time in customs formalities.

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 them to develop products aligned with sustainability concept.

Being the global supplier to the United Nations and other international relief organizations, the Company has delivered aid kits it exported to fulfill the humanitarian aid needs of refugees and people in need all over the world also in 2021.

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.

Additionally, the Company will give weight to attempts to win new customers, suppliers and value-added projects in Latin America and CIS countries which have been declared as the target markets for exporters.

Corporate Brand Projects and Sponsorships

Koç Sports Fest

The Koç Sports Fest (KSF) was set up by Koç Holding in 2006 with the aim of bringing music and entertainment to university students, and has since grown into a youth and sports festival unlike any other in Turkey under the main sponsorship of the Turkish University Sports Federation, signed in 2009. A total of 120 festivals have been organized in 41 universities over the last 15 years. Today, KSF is the most prestigious youth and sporting event to be organized by universities and the most widely attended of its kind in Turkey.

While KSF aims to increase the number of university athletes, it also seeks to spread the culture of being the right kind of sports fan. All events organized by the KSF are planned with the aim of developing amateur branches and for these branches to gain audiences.

More than 26,000 athletes from nearly 200 universities compete in 63 branches throughout the year as part of the Turkey Koç Sports Fest University Games. Some of the athletes and teams who achieve success in the competitions go on to represent Turkey in international events with the support of Koç Holding.

In order to reach a wider audience by hosting more branches with the KSF, winter sports were also included in the festival in 2016. As part of winter sports, competitions are held in skiing, snowboarding and snow volleyball branches.

With interviews and panels held under the title of “KSF Talks”, content ranging from different branches of sport, nutrition, career, gender equality and the digital transformation are introduced to university students with the participation of expert names in their fields.

KSF is also the largest project realized by the Koç Group companies. Due to the pandemic-compelled remote education at universities and restrictions in sports competitions, 2021 winter and spring stages of KSF were cancelled.

İstanbul Biennial

The largest contemporary art platform in Turkey and one of the four most important biennials in the world, the İstanbul Biennial has been supported with the aim of creating awareness about contemporary art, and introducing contemporary art to those who may not yet have been exposed to it since 2007. The decision was taken that the sponsorship, which was first signed in 2007, would continue until 2026, the 100th anniversary of the Koç Group.

Today, the İstanbul Biennial, which has reached a dimension where it has been one of Turkey’s art fixtures attracting significant interest from the foreign press and international art circles, gaining recognition in the world. It serves to provide a significant contribution to the perception and brand value of both our country and İstanbul abroad.

The İstanbul Biennial has hosted hundreds of thousands of visitors over many years by opening its doors free of charge to all visitors with the support of Koç Holding. As part of the biennial event, guided tours and children’s workshops were held, reaching thousands of people.

In 2017, the decision was taken to bestow a permanent piece to İstanbul in every biennial year. After Ugo Rondinone’s neon sculpture entitled “Where Do We Go from Here?”, Monster Chetwynd’s outdoor installation “Gorgon’s Head Playground” was installed in the Maçka Art Park in 2019. With new works to be added, İstanbul is planned to stand out as a rich, contemporary art exhibitions center.

Having drawn its inspiration from composting and configured differently this year within the context of a process, the 17th İstanbul Biennial was postponed to 2022 due to the developments in connection with the pandemic.

Sponsorship of the Turkish Olympic Committee

Endeavoring to help Turkey become a successful country in sports and to establish the Turkish sports as one that is associated with humanistic values such as friendship, excellence and respect, Koç Holding has been cooperating with the Turkish Olympic Committee since 2013. In 2021, Koç Holding has become the main sponsor of the Turkish Olympic Committee for Tokyo 2020 Summer Olympics journey.

The 2020 Games where Turkey was represented with more than 100 athletes marked not only the broadest participation from our country, but also the highest achievement level so far with 13 medals earned. Archery, figure skating and karate were added among the disciplines in which our athletes undersigned achievements for our country.

Vehbi Koç Foundation

The first private foundation of the Turkish Republic, Vehbi Koç Foundation was established by Vehbi Koç on 17 January 1969.

Serving the community since 1969 in the areas of education, healthcare and culture that make up the basic necessities of life for a contemporary and progressing Turkey, Vehbi Koç Foundation continues to create a difference with the institutions under its management and the projects it sponsors.

Despite the challenges imposed by the pandemic, Vehbi Koç Foundation carried on and further increased its activity in its areas of focus. Educational institutions, healthcare services and culture establishments quickly adjusted to the new order compelled by the pandemic, and promptly introduced various practices such as remote education, online healthcare services with video call, and online guided museum tours.

The highlights of the Foundation's activities in 2021 are outlined as follows:

EDUCATION

Scholarships

Aiming to create equal opportunities in education, Vehbi Koç Foundation has provided scholarship to over 50,000 students since 1969. The program, which includes scholarships for vocational training, undergraduate studies, and teaching assistants, supported 5,377 successful students with limited financial means in the 2020-2021 academic year. http://www.vkv.org.tr/

"Triple Crown" to Koç University

Koç University College of Administrative Sciences and Economics and the Graduate School of Business received accreditation from AACSB International (Association to Advance Collegiate Schools of Business). Koç University already holds accreditation from AMBA and EQUIS, and with this most recent accreditation, it became the first and only academic institution in Turkey with the "Triple Crown." Professor Zeynep Gürhan Canlı, Dean of the College of Administrative Sciences and Economics and director of the Graduate School of Business, stated that AACSB accreditation was the result of the efforts of each staff member of Koç University, and she added "We are proud to earn this triple accreditation that the best business schools of the world have. This accreditation means that Koç University's excellence in education is globally recognized in areas including teaching, research, curriculum development, and student achievement and experience."

Vehbi Koç Foundation

Turkey's First Investment Fund Based on Gender Equality In Business

İş Asset Management Women Equity Fund was established by İş Asset Management, an İşbank subsidiary, in collaboration with Koç University's Center for Gender Studies (KOÇ-KAM). Aiming at the equal participation of women in business through their productivity, the fund was presented to investors in a gong ceremony organized at Borsa Istanbul on 8 March, Women's Day. As an indication of its belief in the value of women's contribution to the economy, İş Asset Management broke new ground in establishing this fund, which invests in the domestic partnership interests of companies that equitably create more opportunities for women in employment and prioritize having more women in management. İş Asset Management Women Equity Fund received the Sardis Grand Award, given to reward innovative projects and management-related successes in the finance sector.

HEALTHCARE

Beyond Conventional Healthcare Services: Koç Healthcare by My Side

Vehbi Koç Foundation Healthcare Institutions—American Hospital, Koç University Hospital, Bodrum American Hospital, and MedAmerican Ambulatory Care Center—in line with the motto "We Are Wherever You Are," established the Koç Sağlık Yanımda (Koç Healthcare by My Side) program in 2020. In 2021, the Koç Sağlık Yanımda mobile application was implemented. The application, which allows patients to make appointments and meet with their doctors online, also has features to keep track of appointments, archive health history, and access medical records. In addition, as part of the "Health at Home" service launched in 2021, professional Call Center staff answer patient requests received by website or phone. With this e-health service, expert medical staff performs diagnoses and treatment processes either online or at patients' locations with a well-equipped mobile vehicle. 3,150 patients benefited from Koç Sağlık Yanımda by receiving essential healthcare services such as blood sample collection, radiology exams, injections, dressings, diabetic patient education, physical therapy, and newborn care, as well as maternal and infant care in their homes or at other select locations. Moreover, in 2021, the Vehbi Koç Foundation Healthcare Institutions, in collaboration with the Occupational Health and Safety Units of the Koç Group companies, brought their services to workplaces with the "Healthcare in the Workplace" program. With this initiative, 30,000 employees from 85 Koç Group companies and their subsidiaries—35,000 employees in 101 companies, including subcontractors—in Istanbul, Kocaeli, and Tekirdağ benefitted from "Healthcare in the Workplace."

KOÇ SAĞLIK
YANIMDA

Functional Medicine with Dr. Mark Hyman

American Hospital hosted Dr. Mark Hyman, the world-renowned functional medicine specialist, at Sakıp Sabancı Museum's activity center, the Seed. A New York Times best-selling author, Dr. Hyman discussed measures to improve the human lifespan from the perspective of functional medicine and how brain health relates to the health of the body. In this well-attended event, Dr. İrem Ergün, head of the American Hospital Functional Medicine Department, delivered a speech on the holistic approach of functional medicine, and Dr. Elif Altuğ, director of the American Hospital Code Lotus Mindfulness Center, spoke about the holistic and personalized programs offered at Code Lotus.

The 20th Vehbi Koç Award Was Presented to Hüseyin Vural

The 20th Vehbi Koç Award, presented in 2021 in the field of education, was given to the Foundation for Supporting Elementary Schools (İLKYAR Foundation) and its founder, Professor Hüseyin Vural, in recognition of their pioneering work. Arter hosted the award ceremony that was held on a digital platform due to the pandemic. Established to support children's imagination, motivate them in line with their interests, improve their self-esteem, and create opportunities enabling their talents, İLKYAR has been working for many years to provide books, as well as education, sports, and game materials to boarding schools, instilling a taste for reading in children at village schools and sending out books to all schools.
www.vehbikocodulu.com

CULTURE

Sadberk Hanım Museum Received Bank of America's 'Art Conservation Project 2021' Grant

Sadberk Hanım Museum received the internationally recognized Bank of America Art Conservation Project grant with a conservation project for thirteen calligraphic works and illuminated manuscripts from its collection. The project will cover the detailed analysis, restoration, exhibition, and publication of the thirteen exquisite examples of Seljuk and Ottoman calligraphy. Among the early calligraphic works from the collection are five Koran sections belonging to the same Koran (though all registered under different numbers), another Koran section containing verses from Surah Baqara, and a Kasidetü'l-Bürde, an essential work of religious literature. Dating from the 17th to 19th centuries, other works include a Koran, prayer books, and a flower album prepared by prominent Ottoman calligraphers and illuminators. Except for the flower album, all these manuscripts have colophons, and they are among the rare artful books that reveal the apex the Ottoman calligraphy reached. With this project, Sadberk Hanım Museum will not only protect the precious calligraphy works but also, through organizing events, will contribute to promoting the importance of the protection of cultural heritage and works of art and to increasing public awareness of this issue.
www.sadberkhanimmuzesi.org.tr

Arter: Corporate Support and Cooperations

With the kind support of its corporate sponsor Tüpraş, admission to Arter exhibitions is free for visitors under 24 every day and for all visitors on Thursdays. Access to Arter is provided by a free shuttle service from Taksim and Tepebaşı, thanks to the transportation sponsorships of Ford Otosan and Otokar. In collaboration with Tüpraş, Arter featured a video to mark 23 April, National Sovereignty and Children's Day. Created by Arter's Learning Program team, the video provided a closer look at Arter's building and its current exhibitions. Aspiring to create a community that gathers around art and shares experiences as it grows, the Arter Together membership program welcomed its first corporate member, Mey|Diageo, in July 2021.
www.arter.org.tr

Vehbi Koç Foundation

MEŞHER: I-You-They: A Century of Artist Women
Meşher presents a selection of works by artist women who lived and produced in Turkey between roughly the 1850s and the 1950s in an exhibition entitled "I-You-They: A Century of Artist Women." The exhibition is open to visitors from 9 October 2021 to 27 March 2022. Organized under the patronage of Çiğdem Simavi, sponsored by Ünlü & Co, and curated by Deniz Artun, the exhibition derives its name from one of Şükran Aziz's works. The exhibition recognizes each woman, most of whom were overlooked by the history of art, and also examines the grounds for a collective "we." The exhibition spreads across the three floors of the Meşher building, with 232 works by 117 artists. The entrance floor, "I," is for unsung women who are faced with their mundane existence in the mirror. The first floor, "You," offers an encounter with the soft and unifying other and calls out for children as the primary "you"s. The second floor, "They," looks at women through the eyes of others. Recalling and reminding us that not only one but multiple alternative art histories can be written, "I-You-They" is a call to a "we" in and through which each woman and each work can construct its very own history. An exhibition catalog consisting of the exhibited works and articles by the exhibition team is published in Turkish and English.
www.mesher.org

CIVIL SOCIETY

The Turkey Social Entrepreneurship Network Project
The Turkey Social Entrepreneurship Network (TSEN), which was implemented within the scope of a project carried out between 31 January 2019 and 14 October 2020, kept its momentum in 2021. Established with the aim of spreading social entrepreneurship culture and building a social entrepreneurship ecosystem throughout Turkey, TSGA's partners focused on data collection, social impact certification, helping social enterprises be ready for investments, and spreading private sector collaborations and the "buysocial" movement.

ESEM Research 2021 Now in Turkey: A Voice for Social Entrepreneurs
TSEN, as a member of the Euclid Network, became the implementing partner of the European Social Entrepreneurship Monitor (ESEM). The ESEM research aims to close the current data gap in the field of social entrepreneurship and to inform policy makers, investors, and social entrepreneur support organizations about the national and international needs of social enterprises and the obstacles they face. The research is carried out simultaneously in 21 different countries and languages. With the help of this research, a large data set will be available to compare Turkey's results with other

countries. Thus, social entrepreneurs in Turkey will be able to have their voices heard, and TSEN will be able to compare the Turkish ecosystem with European networks and publish the essential needs list with the public sector, impact investors, and support organizations. The latest information on the project is available at sosyalgirisimcilikagi.org. sosyalgirisimcilikagi.org

The 4th Social Entrepreneurship Day in collaboration with Ashoka Turkey Foundation

Vehbi Koç Foundation has been organizing Social Entrepreneurship Day in partnership with Ashoka since 2018 in order to encourage social entrepreneurs from all levels and relevant actors by providing capacity development support to the social entrepreneurship ecosystem in Turkey. Leaders working to strengthen the social entrepreneurship ecosystem in Turkey came together on Social Entrepreneurship Day, which took place for the 4th time on 28–29 April. Nearly 150 people from more than 20 cities attended the online sessions. The event's guests of honor, David Bornstein, an Ashoka Fellow, New York Times writer, and founder of the Solution Journalism

Network, and Daniela Papi-Thornton, an Ashoka Fellow and founder of Systems-Led Leadership, pointed out the need for transforming systems in an ever-changing world. The themes addressed included systems change, leadership, empathy, generous listening, climate, gender equality, spatial justice, solution-based journalism, partnerships among state-social entrepreneurs, and scaling. https://ashokaturkiye.org/

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Shareholder Structure and Voting Rights

Our Company's shares are divided into two groups, A and B. Each Group A registered share holds two voting rights at our General Assembly. However, for decisions concerning the amendment to the Articles of Association, acquittal or filing a liability lawsuit, all shares hold one right to vote.

Our shareholders' voting rights, taking into account the privileged shares, are presented below:

Shareholder	Group	Amount (TL)	Share Stake (%)	Voting Right	Voting Right Stake (%)
Temel Ticaret ve Yatırım A.Ş.	A	678,773,422	26.77	135,754,684,460	42.23
Temel Ticaret ve Yatırım A.Ş.	B	428,196,786	16.88	42,819,678,578	13.32
Koç Family	B	487,895,145	19.24	48,789,514,515	15.18
Vehbi Koç Vakfı	B	184,171,754	7.26	18,417,175,384	5.73
Koç Holding Emekli ve Yardım Sandığı Vakfı	B	50,451,548	1.99	5,045,154,831	1.57
Rahmi M. Koç ve Mahdumları Maden İnşaat Turizm Ulaştırma Yatırım ve Ticaret A.Ş.	B	35,385,424	1.40	3,538,542,410	1.10
Publicly held[1]	B	671,023,971	26.46	67,102,397,052	20.87
Total		**2,535,898,050**	**100.00**	**321,467,147,230**	**100.00**

(1) 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 2021

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	2021 (%)	2020 (%)	Description
Augmency Teknoloji Sanayi A.Ş.	20.00	13.04	Koç Holding's direct stake in the company changed since Koç Holding was the sole participant in the capital increase carried out in 2021.
Inventram Teknoloji Yatırımları A.Ş.	79.75	65.70	Koç Holding's direct stake in the company changed since Koç Holding was the sole participant in the capital increase carried out in 2021.
Koç Investments B.V.	55.00	-	Incorporated in 2021
Koç Medical B.V.	100.00	-	Incorporated in 2021
Media Quotient Experience GmbH	96.00	-	Incorporated in 2021
Sendeo Dağıtım Hizmetleri A.Ş.	45.00	-	Koç Holding purchased shares representing 45% of the capital in Sendeo, which was wholly-owned by Aygaz.
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	51.39	35.00	Koç Holding's direct stake in the company changed as a result of share purchase and capital increase that took place in 2021.
Tarabios Sağlık Teknolojileri A.Ş.	28.57	-	Koç Holding participated in the company in 2021.
Tasfiye Halinde Otoyol Sanayi A.Ş.	-	53.95	Liquidated in 2021.
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş.	33.82	37.33	As a result of partial divestment of Setur, the shares in Ayvalık Marina and Yalova Marina held by Setur were transferred to Tek-Art Marina, in return for which Setur received the new shares resulting from the capital increase carried out at Tek-Art Marina. Koç Holding's direct stake in the company changed as a result of these transactions.

Legal Disclosures

Information on changes in ownership of non-current financial assets that Koç Holding A.Ş. holds indirectly that exceed or fall below the thresholds can be found in the table below.

Companies	2021 (%)	2020 (%)	Description
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd.	24.44	-	Acquired in 2021
Arçelik Hitachi Home Appliances (Thailand) Ltd.	21.62	-	Acquired in 2021
Arçelik Hitachi Home Appliances B.V.	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances IBC Co. Ltd.	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances Sales (China) Ltd.	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd.	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances Sales Hong Kong Limited	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd.	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances Sales Middle East Fze	25.72	-	Acquired in 2021
Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd.	25.72	-	Acquired in 2021
Arçelik Hitachi Taiwan Home Appliances Sales Ltd.	25.72	-	Acquired in 2021
Arçelik Üretim ve Teknoloji A.Ş.	42.87	-	Acquired in 2021
Augmency Teknoloji Sanayi A.Ş.	26.38	18.76	Koç Holding's effective stake in the company changed since Koç Holding was the sole participant in the capital increase carried out in 2021.
Ayvalık Marina ve Yat İşletmeciliği San. ve Tic. A.Ş.	60.17	48.73	As a result of partial divestment of Setur, shares in Ayvalık Marina and Yalova Marina held by Setur were transferred to Tek-Art Marina, in return for which Setur received the new shares resulting from the capital increase carried out at Tek-Art Marina. Koç Holding's effective stake in the company changed as a result of these transactions.
CY Vision Inc.	5.86	4.83	Koç Holding's effective stake in the company changed since Koç Holding was the sole participant in the capital increase carried out at Inventram Teknoloji Yatırımları A.Ş. in 2021.
Defy Sales East Africa Limited	42.87	-	Incorporated in 2021.
Digitheronix Corp.	79.75	65.70	Koç Holding's effective stake in the company changed since Koç Holding was the sole participant in the capital increase carried out at Inventram Teknoloji Yatırımları A.Ş. in 2021.
Enspire Enerji Yatırımları ve Hizmetleri A.Ş.	69.80	-	Acquired in 2021.
International Appliances Limited	-	23.11	Merged with Singer Bangladesh in 2021.
Inventram Teknoloji Yatırımları A.Ş.	79.75	65.70	Koç Holding's effective stake in the company changed since Koç Holding was the sole participant in the capital increase carried out in 2021.
InventramUS Inc.	79.75	65.70	Koç Holding's effective stake in the company changed since Koç Holding was the sole participant in the capital increase carried out at Inventram Teknoloji Yatırımları A.Ş. in 2021.
Koç Investments B.V.	55.00	-	Incorporated in 2021
Koç Medical B.V.	100.00	-	Incorporated in 2021
Koç Yaşa Çok Yaşa Medikal A.Ş.	100.00	-	Incorporated in 2021
Media Quotient Experience GmbH	96.00	-	Incorporated in 2021
PT Arçelik Hitachi Home Appliances Sales Indonesia	17.36	-	Acquired in 2021
Rakun Mobilite Teknoloji ve Ticaret A.Ş.	38.65	-	Incorporated in 2021.
Sendeo Dağıtım Hizmetleri A.Ş.	67.38	40.68	Koç Holding purchased shares representing 45% of the capital in Sendeo, which was wholly-owned by Aygaz.
Setur Yalova Marina İşletmeciliği A.Ş.	59.73	47.50	As a result of partial divestment of Setur, shares in Ayvalık Marina and Yalova Marina held by Setur were transferred to Tek-Art Marina, in return for which Setur received the new shares resulting from the capital increase carried out at Tek-Art Marina. Koç Holding's effective stake in the company changed as a result of these transactions.
Sparkin Inc.	79.75	65.70	Koç Holding's effective stake in the company changed since Koç Holding was the sole participant in the capital increase carried out at Inventram Teknoloji Yatırımları A.Ş. in 2021.
Süloğlu Elektrik Üretimi A.Ş.	69.80	-	Acquired in 2021.
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	70.13	59.00	Koç Holding's effective stake in the company changed as a result of the share purchase and capital increase carried out in 2021.
Tasfiye Halinde Otoyol Sanayi A.Ş.	-	53.95	Liquidated in 2021.
United LPG Ltd.	20.34	-	Acquired in 2021
Wat Motor San. ve Tic. A.Ş.	55.00	40.56	Koç Holding's effective stake in the company changed as a result of the sales of the shares constituting 100% of Wat Motor's capital and held by Arçelik to Koç Investments B.V. in 2021.
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	-	13.55	Shares constituting 30.45% of the capital of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. and held by Yapı ve Kredi Bankası A.Ş. were sold to another shareholder, Koray Gayrimenkul ve Yatırım A.Ş. in 2021.
YKS Tesis Yönetim Hizmetleri A.Ş.	-	6.91	Koç Holding has no indirect shareholding in the company as a result of the sales of the shares constituting 30.45% of the capital of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. and held by Yapı ve Kredi Bankası A.Ş. to another shareholder, Koray Gayrimenkul ve Yatırım A.Ş.

Extraordinary General Assembly Meeting held during the year, if any

No Extraordinary General Assembly meetings were held during the year.

Organizational Changes within the Year

Organizational structure of Koç Holding as at year-end 2021 is presented on page 165 of the annual report. In 2021, there have been appointments to Banking Group Presidency and Human Resources and Industrial Relations Presidency. Also, the Legal Department has been reorganized as Legal and Compliance Department. Other than these, no significant organizational changes took place.

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 10 March 2022 states: "In all transactions conducted in 2021 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

At the Ordinary General Assembly Meeting convened on 9 April 2021, "Article 6 – Capital" of the articles of association was amended for extending the validity period of the Company's registered capital until 2025.

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 63.6 billion in total equity attributable to the parent company as of 31 December 2021, and with a net financial debt/invested equity multiplier of 0.62, 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 2021, 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 TL 500,000, which were not deemed as material information to our shareholders. As the donations below this threshold are not interrogated by our investors, we foresee to continue with the current practice of disclosing only the material amounts.

- Regarding principle n. 1.3.11, under normal circumstances, general assembly meetings are held open to the public. However, due to the current pandemic concerns and the restrictions of authorities on collective gatherings, in the general assembly meeting held in 2021, our shareholders were prioritized in terms of acceptance to meeting venue.

- Regarding principle n. 1.4.2; the Company has shares entailing voting privileges as explained in Legal Disclosures Section; however, privileged voting rights do not constitute more than half of total voting rights. As these rights have been present since the establishment and accordingly the initial public offering of our shares and taking into account that it is not possible to make a decision by the affirmative votes of privileged shares only and also given that they do not prevent the holders of publicly traded shares from being represented at company board, any changes to the current structure is not foreseen.

- Regarding principle n. 1.5.2: In the Articles of Association, minority rights are not granted to those who are in possession of less than one twentieth of the capital, and in parallel to the general practices in the country, rights were granted to the minority within the general legislative framework and any changes to the current structure is not foreseen.

- Regarding principle n. 1.7.1; Article 9 of our company's Articles of Association sets out the principles regarding transfer of shares and there are no provisions in the Articles of Association that complicate or restrict the transfer of Group B shares traded on the stock exchange. As the existing restrictions relate only to non-listed group of shares, any changes to the current structure is not foreseen.

- Regarding principle n. 4.2.8; there is a Directors and Officers Liability Insurance policy for Koç Group companies, however the coverage is below the stated ratio. Given the high capital, the current insurance coverage is deemed enough to cover foreseeable risks. The amount is reviewed regularly and can be increased in the future if deemed necessary.

- Regarding principle n. 4.4.7; 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 are 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 2021, 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 2021, our BoD and the Committees of our BoD were established in accordance with the regulations stipulated in the Communiqué. Before the General Assembly, the procedures for designating independent candidates and making public disclosures were completed and candidates were elected according to regulations. The Committees established under the BoD continued to function effectively. The General Assembly Informative Document that contains the compulsory information such as information on preferred shares, voting rights and organizational changes, as well as the CVs of BoD Membership Candidates, the Remuneration Policy for Board Members and Executive Management was provided to our investors three weeks prior to the General Assembly. In addition, the Company's website and annual report were reviewed and revisions required to comply with the principles were made. Also, at the beginning of 2021 Koç Holding Board Diversity Policy has been approved. Accordingly, in light of international best practices and our visionary mission, the principal of aiming to keep the ratio of the number of female Board Members within Koç Holding's Board of Directors at least 30% at all times has been approved. Furthermore, parallel to the long-standing and consistently implemented procedures in place, working principles for Board of Directors (BoD) have been adopted as advised in CMB Corporate Governance Principles. Furthermore, under the Compliance Project initiated in 2018, global good practices were scrutinized, and a "Compliance Program" began to be implemented with the approval of Koç Holding Board of Directors, which can be defined as a set of rules, policies and procedures aimed at determining and managing the Koç Group's compliance-related matters with a risk-based approach. In this framework, the Koç Group Code of Ethics was updated, many policies dealing with compliance were developed, including Sanctions and Export Controls, Anti-Bribery and Corruption, Supply Chain, Human Rights, Personal Data Protection, Discipline and Whistleblowing, and approved by Koç Holding Board of Directors. The Donation and Sponsorship Policy that was prepared within the same context was also approved by the shareholders at the general shareholders' meeting.

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 306--319 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/tr/cgif/4028e4a140f2ed710140f2f4d6c70039)

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 to the extent possible. Many of the issues stated in the Sustainability Principles enacted by CMB in 2020 overlap with the principles of Koç Holding's sustainability strategy "Lead together". Accordingly, Koç Holding complies with many of the voluntary principles mentioned in Sustainability Principles enacted by CMB with a "comply-or-explain" approach. However, full compliance is not yet achieved for reasons such as the difficulties in implementation of some principles, the uncertainties in this area in both local and global arena, the mismatch between some of the principles and the company structure, the intention to design the compliance structure based on the outcome of ongoing studies, etc. For the principles where the company currently does not fully comply with, it is intended to ensure full compliance after the review of the global best practices and the completion of technical infrastructure and data collection analysis on the Group scale with the purpose of supporting our company's efforts to create value in a sustainable manner.

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.

- Koç Holding has prepared a Sustainability Strategy and the related Environmental, Social and Governance (ESG) Policies, all of which have been enforced following their approval by the Board of Directors. Within the scope of Koç Holding Sustainability Strategy, the materiality analysis that was done in 2020 has been updated and the material topics that are prioritized with respect to the Company's success and stakeholder expectations have been determined. Goal setting is in progress in light of material topics, and goals are identified and action plans are devised for the Koç Group companies.

- Koç Holding has been monitoring the key ESG performance indicators for more than 10 years and the scope of indicators are being reviewed annually based on local and global best practices and generally accepted practices. In this respect, amongst the dataset monitored for the Group, for the indicators that are made available to public, three years of comparative data is provided. However, local or international comparative confirmed sectoral data is not available given that reporting is made on a consolidated basis with a wide spectrum of different sectors.

- Group-level verification is carried out by an independent third-party organization in order to increase the credibility of data that Koç Holding discloses on consolidated basis, and the scope of the verification is annually expanded both in terms of indicators as well as the number of companies. However, currently verified data is used for internal reporting and evaluation, and disclosure will be considered in the coming years once there is uniformity among all Group-companies.

- Koç Holding implements the Carbon Transition Program under the low carbon transition strategy that it has set as a material topic, identifies the risks and opportunities according to various climate scenarios, regularly calculates Scope 1 and Scope 2 GHG emissions and has them verified by an independent third-party company in accordance with ISO 14064-1. The Koç Group's energy consumption data will be publicly disclosed in the 2021 Sustainability Report. Data standards and methodology for Scope 3 GHG emissions are in the process of development and the Group plans to develop strategies for its monitoring and reduction on a consolidated basis across the Group in the coming years. In parallel, related Koç Group companies undertake science-based target setting. Based on these priorities, studies are carried out to create a strategy within the framework of national and international developments, in which risks can be managed at the highest level, and to determine the targets and incentives offered to achieve the targets in line with the above mentioned strategy.
- The company is not included in any carbon pricing schemes since the relevant legislative regulation has not yet been completed in Turkey. Internal carbon pricing is in place in some of the Koç Group companies however it is not yet implemented at Group-level. Similarly, there are some practices related to carbon credits at company level, they are monitored and implemented at company basis. For a low carbon transition, different instruments are evaluated to be used at Group-level and those that are appropriate will be implemented in line with the developed strategy.

An index table with references to the related explanations for each principle stated in CMB's Sustainability Principles is provided in pages 298-301.

Explanations Regarding Corporate Governance

Shareholders

Investor Relations Department (IR) is responsible for liaising in the relations between Koç Holding and its shareholders in coordination with other relevant departments. IR is responsible for providing information, excluding confidential information and trade secrets, to existing and potential shareholders on the Company's operations, its financial position and strategy and managing the bilateral communication between the shareholders and the Company management. The information is provided in an orderly manner that will not cause any inequality of information, by consulting the relevant departments and coordinating with the Group companies when required. Some of the activities that are stipulated in the Corporate Governance Communiqué are carried out by the Legal Affairs Department (ensuring that the General Assembly meetings are held in compliance with the regulations in force, the Articles of Association and other internal regulations of the Company) and Finance Department (fulfilling all obligations of public disclosure required by the regulations such as, preparation of documents that shareholders will use at the General Assembly meetings, public disclosure of financial reports and material events).

IR submits an activity report, at least annually, to the Corporate Governance Committee and CEO to be submitted to the BoD. The report regarding the activities in 2020 was submitted to the Corporate Governance Committee in order to be presented to the BoD on 08 March 2021. The report regarding the activities of 2021 was submitted to the Corporate Governance Committee and the BoD in March 2022.

Investor Relations Contacts

CFO: Ahmet F. Ashaboğlu
Investor Relations Coordinator: Nursel İlgen, CFA
Finance Coordinator Responsible for Ensuring Compliance with Corporate Governance and Capital Markets Regulations: Nevin İmamoğlu İpek
Investor Relations Manager: Neslihan Aycıl
Investor Relations Manager: Sinem Baykalöz
Finance Manager: Ayça Sandıkcıoğlu

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 9 April 2021 for a term of one year to serve until the General Assembly where the operations of 2021 will be discussed.

Name Surname	Position	Current Positions Held Outside the Company	Independent BoD Member or Not	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	Executive Committee Member, Corporate Governance Committee Member
Levent Çakıroğlu	Member, CEO	BoD Chair and Member, Committee Member	Not Independent Member	
Jacques A. Nasser	Member	BoD Member in companies outside the Group	Not Independent Member	
Anne Lauvergeon	Member	BoD Chair and Member in companies outside the Group	Independent Member	
Emily K. Rafferty	Member	BoD Chair and Member in companies outside the Group	Independent Member	Audit Committee Member, Nomination and Remuneration Committee Chair
Dr. Cem M. Kozlu	Member	BoD Chair and Member in companies outside the Group	Independent Member	Corporate Governance Committee Chair, Audit Committee Chair
Peter Martyr	Member	BoD Chair and Member in companies outside the Group	Independent Member	Risk Management Committee Chair

The CVs of the BoD Members can be found on our website and in our Annual Report. (See pages 166-169)

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 2021, the Board made 37 decisions, three of which were during meetings at which strategic issues were discussed. Every member has one vote at BoD meetings; differences of opinion and grounds for opposing votes and specific questions raised by Members of the BoD at Board Meetings are recorded in the Resolution Book. No opposition or difference of opinion has been declared recently.

Koç Holding BoD manages and represents the Company through its strategic decisions, taking into consideration particularly long-term interests in light of keeping the Company's risk-growth-profits balance at the most appropriate level through a rational and cautious risk management approach. Our BoD determines Koç Holding's strategic goals, identifies the human and financial resources needed to achieve them, and oversees the performance of management and the BoD. The BoD, through the strategic meetings it holds, in principle, four times a year, compares the Holding's quarterly financial performance with the budget, monitors strategic developments and develops new strategies and makes investment decisions taking into account the management's recommendations. Besides evaluating financial and operational indicators, in its end-of-year performance evaluation, the BoD assesses the extent to which the Company's strategies have been implemented, thereby forming a basis for determining performance and rewards. Due to COVID-19 pandemic, in addition to the necessary resolutions, the Board has made three all-day long strategic meetings whereby the resolution was adopted by the Board of Directors in writing without a physical meeting and the relevant detailed documents have been provided well in advance to all members.

Explanations Regarding Corporate Governance

The “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 25 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 2021, 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 12 April 2021, it was decided by the Board that the Audit Committee shall be composed of two Independent Board Members. The Audit Committee Chair will be Dr. Cem M. Kozlu and the Committee Member will be Ms. Emily K. Rafferty.

In 2021, the Audit Committee convened twice to review the audit-related operations particularly with regard to compliance with tax laws and regulations and the work on whistleblowing and discipline policy. The Committee passed six resolutions, whereby it submitted to the BoD its written assessments on the designated independent audit firm and the truthfulness and accuracy of annual & interim financial reports to be publicly disclosed, as well as their 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 12 April 2021, it was decided by the Board that the Corporate Governance Committee shall be composed of three members and the Independent Member Dr. Cem M. Kozlu be appointed as its Chair and Ms. İpek Kıraç and Mr. Ahmet F. Ashaboğlu as the members.

In 2021, the Corporate Governance Committee made an assessment of the Company’s corporate governance practices, Corporate Governance Compliance Report and Disclosures in Relation to Sustainability Principles, and informed the BoD on the activities of the Investor Relations Unit. The Committee also presented its assessments on the Board of Directors Diversity Policy, The Working Principles of the Board of Directors and Koç Holding Sustainability Strategy.

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 12 April 2021, it was decided by the Board that the Committee shall consist of two members, with Independent Member Jacques Emily K. Rafferty as Chair and Ali Y. Koç as Member.

In 2021, 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 12 April 2021, 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 2021, the Committee assessed the Company's risk profile, identified measures to be taken in risk prone areas, evaluated the information security policy, supervised compliance risks and monitored relevant activities. The Committee also prepared the risk management sections within the annual report. In its report dated 17 February 2022, 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 173-174.

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 12 April 2021, Semahat S. Arsel, Rahmi M. Koç, Ömer M. Koç, Ali Y. Koç and İpek Kıraç 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.

2021 Board of Directors Structure

Honorary Chair
Rahmi M. Koç

Chair
Ömer M. Koç

Vice Chair
Ali Y. Koç

Members
Semahat S. Arsel
Caroline N. Koç
İpek Kıraç
Levent Çakıroğlu
Jacques A. Nasser
Anne Lauvergeon (Independent)
Emily K. Rafferty (Independent)
Dr. Cem M. Kozlu (Independent)
Peter Martyr (Independent)

Board of Directors Secretariat
Didem Kurtoğlu Şahin
(Senior Legal Counsel and
Secretary General)

Audit Committee
Dr. Cem M. Kozlu
Emily K. Rafferty

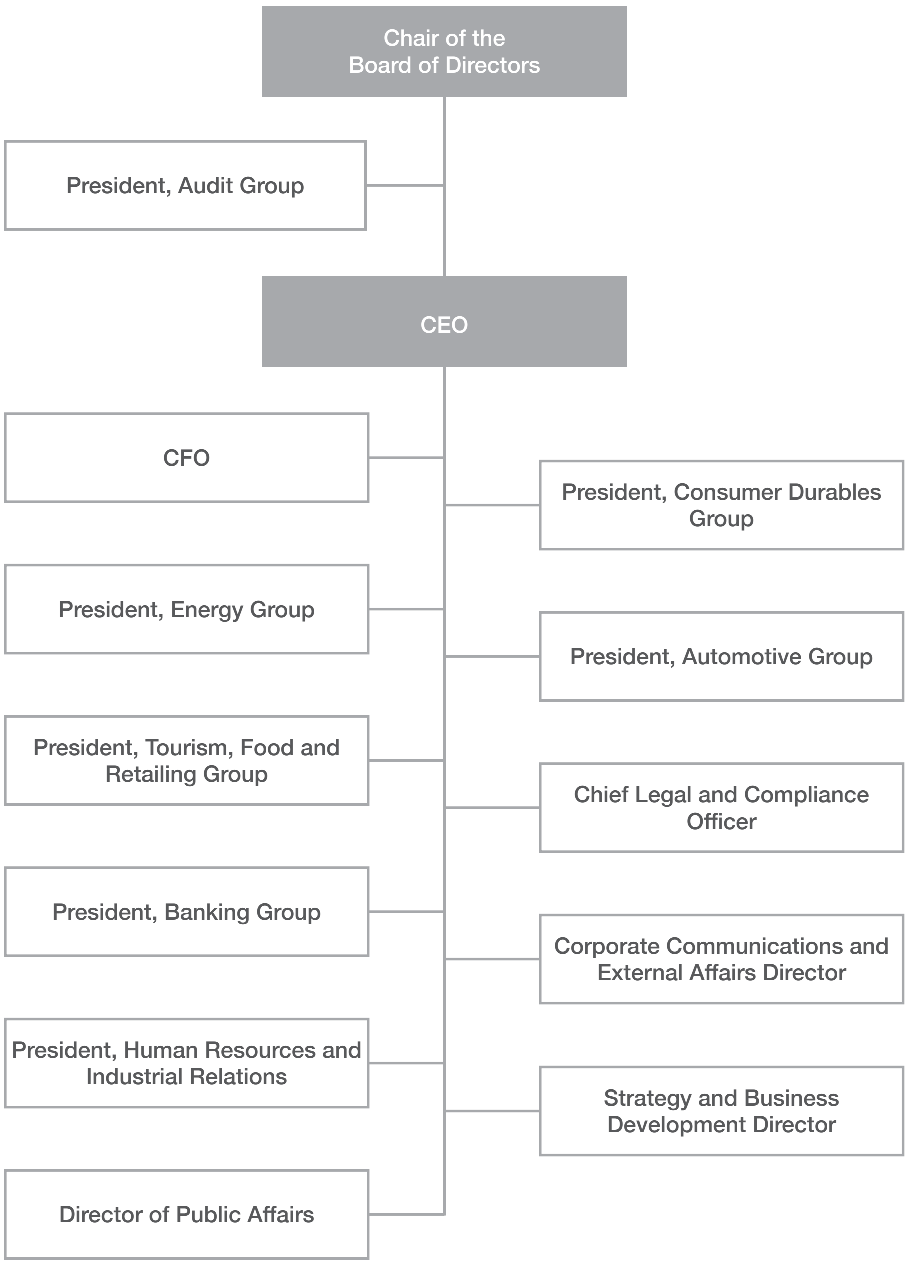
Corporate Governance Committee
Dr. Cem M. Kozlu
İpek Kıraç
Ahmet Ashaboğlu

Risk Management Committee
Peter Martyr
Caroline N. Koç

Nomination and Remuneration Committee
Emily K. Rafferty
Ali Y. Koç

Executive Committee
Semahat S. Arsel
Rahmi M. Koç
Ömer M. Koç
Ali Y. Koç
İpek Kıraç

Organization Chart



Board of Directors

Rahmi M. Koç, Honorary Chair

A graduate of Johns Hopkins University in Business Administration, he joined the Koç Group in 1958 at Otokoç Ankara. He became Chair of the Management Committee in 1980 and was named Chair of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chair. Apart from Koç Holding, he also serves as a Member / Chair of the Board of Directors of other Koç Group companies. In addition, Rahmi M. Koç is or has been affiliated with social and professional organizations including:

- The Metropolitan Museum of Art, New York City, Honorary Trustee
- Co-Chair of the Business Advisory Council for South East Europe (BAC SEE)
- Vice Chair of the Board of Trustees of Vehbi Koç Foundation
- Honorary Chair of the Board of Trustees of Koç University
- Founder and Chair of the Board of Directors of the Rahmi M. Koç Museum and Cultural Foundation
- Chair of the Board of Directors of the Vehbi Koç Foundation American Hospital
- Honorary Chair and Founding Member of TURMEPA, The Turkish Marine and Environment Protection Association
- Honorary Chair of the Advisory Board of the Turkish Industrial and Business Association (TÜSİAD)
- Member of the Advisory Board of the Turkish Employers Association
- Founding Chair of the Global Relations Forum
- Former President of the International Chamber of Commerce (1.1.1995-31.12.1996)
- Former President of the Turkish Greek Business Council (1992-1999)
- Former Member of the Allianz AG International Advisory Board
- Former Member of the J.P. Morgan International Council
- Former Member of the International Advisory Board of the US Council on Foreign Relations

Rahmi M. Koç has been awarded with the following merits and degrees:

- "Honorary Doctorate" degrees by Johns Hopkins University (Baltimore-Maryland), Eskişehir Anadolu University, İzmir Ege University, Ankara Bilkent University, Ovidius University of Constanza and Aydın Adnan Menderes University
- "Outstanding Service Award" by the President of the Turkish Republic
- German Government's "Grosses Verdienst Kreutz"
- "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
He received his B.A. degree from Columbia University in 1985. He worked at Kofisa Trading for one year and completed his MBA at Columbia University in 1989. After working at Ramerica International Inc., he joined the Koç Group in 1990. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of the Energy Group. He became a Member of the 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 Tofaş, Tüpraş and Yapı Kredi Kültür Sanat Yayıncılık Board of Directors and Member of the Board of Directors at other Koç Group companies. He is also the Chair of Turkish Educational Foundation Board of Trustees and Chair of the Board of Directors of Geyre Foundation.

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 National Competition Research Association (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, President of the Semahat S. Arsel Nursing Education and Research Center and Founder of the Koç University School of Nursing. She also serves as Member of the Board of Directors of other Koç Group companies as well as Member of the Board of Trustees of the Educational Volunteers Foundation of Turkey (TEGV). Semahat Arsel has received an "Honorary Doctorate" degree from İstanbul University.

Caroline N. Koç, Member
She graduated from St. George's School, Switzerland and from Babson College, USA Department of Business Administration. She is fluent in English, Turkish, French, Italian and Swedish. Ms. Koç started her professional career in 1992 at Edwards of Hisar, where she acted as the managing director until 1998. She founded and worked as the acting manager of "İlkadım Play and Education Center for Kids" between 1998 and 2003. She founded "Haremlique Istanbul" in 2008 and "Selamlique 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 Kıraç, Member
İpek Kıraç graduated from Koç Private High School in 2002 and from Brown University Department of Biology in 2007. Since March 2012, she has been the Chair of the Board of Directors of Sirena Marine Maritime Industry and Trade Inc. İpek Kıraç is also the Founding Member of the Board of Suna and İnan Kıraç Foundation. Kıraç 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. and Educational Volunteers Foundation of Turkey (TEGV). In addition, Kıraç continues to work as the Chair of the Board of Directors of Koç School and as a Member of the Board of Trustees of Educational Volunteers Foundation of Turkey (TEGV), Galatasaray Education Foundation (GEV) and Koç University. She has been a Member of Koç Holding Board of Directors since 2016.

Board of Directors

Levent Çakıroğlu, Member & CEO
Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakıroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also the Chair of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chair of Yapı Kredi Bank and Otokar and Member of the Board of Directors at various Koç Group companies.

Jacques A. Nasser, Member
Following a 33-year global career with Ford Motor Company, Jacques Albert Nasser served as a Member of its Board of Directors, President and Chief Executive Officer. He was most recently the Board Chair of BHP Billiton and has served as a Member on the Board of Directors of 21st Century Fox, Brambles Industries and British Sky Broadcasting. From 2002-2019, he was also a Partner or Advisor of One Equity Partners, the private equity arm of J.P. Morgan. Nasser is presently on the Board of Directors of Fox Corporation. Nasser graduated in Business from RMIT University in Melbourne, Australia, and received a Doctorate of Technology honoris causa. In recognition of his work for industry, the community and as an advisor to government, he has received various awards in Australia, Lebanon and the United States. Jacques Albert Nasser has been a Member of Koç Holding Board of Directors since 2015.

Anne Lauvergeon, Independent Member
Anne Lauvergeon is a graduate of the Ecole Normale Supérieure and the French National School of Mining Engineer. She holds an advanced degree in Physics and Chemistry. She started her professional career in 1983, in the iron and steel industry (Usinor). In 1984, she directed the European nuclear safety studies applied to the chemical industry for CEA (Commissariat à l'Energie Atomique, the public technological research organization in France). From 1985 to 1988, she supervised the underground activities in and around Paris and was appointed Deputy Director of the General Mining Council in 1988. From 1990 to 1995, she worked for the French President's office, in charge of international economy and foreign trade missions and Deputy Chief of Staff in 1991. At the same time, she became Personal Representative to the French President, in charge of the G7/G8 Summits. In 1995, she became Managing Director and Partner of Lazard Frères (New York, Paris). In March 1997, she joined Alcatel Telecom as Senior Executive Vice President and was appointed Member of the Executive Committee in 1998. She was in charge of the international network and the Group's interests in energy, defense, transportation and nuclear fields. From July 2001 to June 2011, after its creation, she was Chief Executive Officer of AREVA. From June 1999 to June 2011, she was the Chair of the Board of Directors and the Chief Executive Officer of COGEMA (now AREVA NC). From 2013 to 2018, she was the Chair of Innovation 2030 National Committee. Since 2011, Anne Lauvergeon is the Founder and the CEO of A.L.P, an advisory and investment company. Since 2014, she is the Chair of the Board of Directors of Sigfox, the world leading IoT operator. In 2018, she is appointed the Co-Chair of the Innovation Committee of the MEDEF (Mouvement des Entreprises de France). Anne Lauvergeon is a Board Member of Suez and Avril. She has been a Member of Koç Holding Board of Directors since 2016.

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 non-profit sector (2015 - 2021), has worked with The Shed (2015-2019) and continues with multiple independent clients. She has also been a Hauser Leader at the Harvard Kennedy School's Center for Public Leadership (Fall 2019). A member of the Council on Foreign Relations, she lectures widely on topics relating to non-profit and board governance issues, fundraising, and cultural heritage. The recipient of many awards and honors, Ms. Rafferty was named by Crain's New York Business one of the city's 100 most influential women over a five-year period, and in fall 2015 was elected to its Hall of Fame. She received New York University's 2012 Lewis Rudin Award for Exemplary Service to New York City, a Lifetime Achievement Award from the 9/11 Memorial & Museum in 2018 and was recognized in 2019 as a "Living Landmark" by the New York Landmarks Conservancy. In 2021, she received with her husband the Lillian D. Wald Award from the Visiting Nurse Service of New York. She has been a Member of Koç Holding Board of Directors since 2018.

Dr. Cem M. Kozlu, Independent Member

Dr. Cem Kozlu received his bachelor's degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu held executive positions at NCR in the US, Procter&Gamble in Switzerland and was the General Manager in Komili for 12 years. He was appointed as the General Manager and the Chair of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chair of the Association of European Airlines (AEA) in 1990. Cem Kozlu remained in public service as a member of the Turkish Parliament from 1991 to 1995 and as the Chair of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca Cola Company since 1996. Before retiring in 2006, he was the Group President responsible for 51 countries in the Vienna-based Central Europe, Eurasia and Middle East Group and served as a consultant in The Coca-Cola Company Eurasia & Africa Group between 2007 and 2015. Currently, Cem Kozlu serves as a member of the Board of Directors of Kamil Yazıcı Yönetim ve Danışmanlık, Pegasus Airlines, Şişecam A.Ş. (independent member) 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). He is also the Chair of the Board of Directors of Global Relations Forum. Dr. Kozlu, who served as a lecturer at Boğaziçi and Denison universities at different times, has published 10 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.

Executive Management

Levent Çakıroğlu, Board Member & CEO

Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakıroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also Chair of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chair of Yapı Kredi Bank and Otokar and Member of the Board of Directors at various Koç Group companies.

Ahmet Ashaboğlu, CFO

Ahmet Ashaboğlu holds a Bachelor of Science degree from Tufts University and a Master's of Science degree from Massachusetts Institute of Technology (MIT) in Mechanical Engineering. In 1994, he began his career as a Research Assistant at MIT. Between 1996 and 1999, Ashaboğlu held various positions in capital markets within UBS Warburg, New York. Between 1999 and 2003, he worked as a Consultant at McKinsey & Company, New York. In 2003, Ashaboğlu joined Koç Holding as Finance Group Coordinator. Since 2006, he has been serving as the CFO of Koç Holding. Ahmet Ashaboğlu is also a Member of the Board of Directors of Yapı Kredi Bank. He also serves as the Chair of the Board of Directors and Member of the Board of Directors of some other Koç Group companies.

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.

Cenk Çimen, President, Automotive Group

Mr. Çimen has an Industrial Engineering degree from Istanbul Technical University. He completed Executive Development Programs at Stanford University (USA) and University of California Los Angeles (USA). He joined Koç Group in 1991 as a Management Trainee at Nasoto. He assumed Sales Coordinator, Regional Manager and Import Manager responsibilities at Otosan Pazarlama from 1993 to 1996. He served as Fleet Sales Manager at Ford Otosan from 1996 to 1998 and became the General Manager of Otokoç Ankara in 1998. In 2001, he was appointed as the General Manager of the companies merged under Otokoç. In 2005 his responsibility was extended to include the General Manager role for Birmot A.Ş., also assuming responsibility for Avis car rental business. He has been serving as the Automotive Group President at Koç Holding since June 2009. Currently, Cenk Çimen is the Chair of the Board of Otokoç, Fer Mas Oto, and Koç Fiat Kredi. He is also member of the Board of Ford Otosan, TürkTraktör, Otokar, Zer, Ingage, Koçfinans and some other Koç Group companies. Additionally he is a member of the Board of Istanbul Chamber of Industry and a member of Global Relations Forum.

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. He is also a Member of the Board of Directors of Turkish Industry & Business Association (TÜSİAD) and Turkish Exporters Assembly (TİM).

Gökhan Erün, President, Banking Group

Gökhan Erün received his Bachelor of Science degree in Electronics and Communications Engineering from İstanbul Technical University and his MBA from Yeditepe University. He started his career in the Treasury Department of Garanti Bank in 1994, where he served as Commercial Marketing Senior Vice President between 1999 and 2004. In 2004, he was appointed as the CEO of Garanti Pension and Life, in which position he served until September 2005 when he was appointed to Garanti Bank as Executive Vice President. Having continued his career as the Deputy CEO of Garanti Bank from September 2015, Gökhan Erün was responsible for Corporate Banking, Treasury, Treasury Marketing and Financial Solutions, Derivatives, Cash Management and Transaction Banking and Financial Institutions. In tandem, he held the Chair or Member seats on the Boards of Directors of Garanti Bank's domestic and international subsidiaries. Having joined Yapı Kredi in January 2018, Gökhan Erün serves as the Bank's Executive Director and CEO. Also holding the position of the Executive Director and CEO of Koç Financial Services, Erün is a member of the Boards of Directors of Yapı Kredi Group subsidiaries and Koçfinans. In April 2021, Gökhan Erün was appointed as the President of Koç Holding's Banking Group in addition to his existing role.

Tamer Haşimoğlu, President, Tourism, Food and Retailing Group

He graduated from İstanbul Technical University in Mechanical Engineering and earned a Master's degree in International Business from İstanbul University, Institute of Business Administration and Economics. He started his career in 1989 at Koç Holding as a Management Trainee in the Planning Department and later became Specialist, Manager and Coordinator of the Strategic Planning Department. He was appointed Koç Holding Strategic Planning Group Acting President in January 2004 and he served as the President of Strategic Planning Group between May 2004 and April 2011. He has been serving as the President of Tourism, Food and Retailing Group at Koç Holding since April 2011. Tamer Haşimoğlu is also a Member of the Board of Directors of Marmaris Altınyunus. 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, he serves as a member of the Turkish Industry & Business Association (TÜSİAD), member of the Turkish Tourism Investors' Association (TTYD), member of the Board of İMEAK Chamber of Shipping and member of the Board of Trustees of Hisar Educational Foundation (HEV).

Özgür Burak Akkol, President, Human Resources and Industrial Relations

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. Since April 2021, he has been working as Koç Holding Human Resources and Industrial Relations President. 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).

Executive Management

Kemal Uzun, President, Audit Group

Kemal Uzun received his Bachelor of Arts degree in Business Administration from Ankara University, and his Master's degree 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.

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 Marmaris Altınyunus. 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 (TÜSİAD).

Oya Ünlü Kızıl, Corporate Communications and External Affairs Director

After receiving her Bachelor's degree in Business Administration from the Middle East Technical University, Kızıl started her career in 1992 as a specialist in the Republic of Turkey Prime Ministry Privatization Administration. Kızıl received a Master's degree in International Business Administration from George Washington University in 1997 with government scholarship, and then worked in Washington, D.C. for five years as a Portfolio Director of Middle East and North Africa in the World Bank. Between 2001 and 2003, she became the Chief Advisor of the Prime Minister in the Ministry of Economy. In 2003, she started working for Koç Holding as a CEO Advisor. Kızıl continues her career as the Corporate Communications and External Affairs Director. In 2008, she was selected as a "Yale World Fellow" by Yale University in 2008 and received leadership training in this program. Kızıl is a member of Turkish Industry & Business Association (TÜSİAD) and a member of the Board of Directors of İstanbul Foundation for Culture & Arts (İKSV), Suna & İnan Kıraç Foundation (TAPV) and World Wide Fund for Nature (WWF).

Ufuk Çıplak, Director of Public Affairs

Ufuk Çıplak graduated from Hacettepe University, Department of French Language and Literature in 1987. He began his professional career in 1987 at the Ministry of Foreign Affairs, Directorate General of Protocol. Subsequently, he served as Attaché at the Embassy in Sana, Yemen (1990-1992), Attaché at the Embassy in Rome (1992-1995), Deputy Undersecretary for Financial & Administrative Affairs (1995-1996), Attaché at the Permanent Mission of Turkey to the United Nations in New York (1996-2000), Chief of Cabinet to the General Secretary for EU Affairs (2000-2002), Attaché at the Embassy in Athens (2002-2006), and Training Coordinator (2006-2009). Mr. Çıplak joined Koç Holding in 2009 as Public Affairs Manager, and later served as Public Affairs Representative between 2012 and 2013, and Public Affairs Coordinator from 2013 to 2015. He has been the Director of Public Affairs at Koç Holding since 2015.

Melih Poyraz, Strategy and Business Development Director

After receiving his Bachelor of Arts degree in Management from Boğaziçi University, Melih Poyraz got his Master of Laws degree in Economics Law from Galatasaray University and his MBA from MIT Sloan School of Management. He earned his Juris Doctor degree in Law from the Northwestern University. After starting his career as a Consultant at Ernst & Young in 2001, he worked as Enterprise Risk Management Director at Arçelik Group in 2014 and 2015, before serving as the Chief of Staff to CEO at Koç Holding between 2015 and 2021. Since January 2021, Melih Poyraz has been holding the position of Strategy and Business Development Director at Koç Holding. He is also a member of the Boards of Directors of Tofaş, Yapı Kredi Bank and various other Koç Group companies. Melih Poyraz is a member of DEİK (Foreign Economic Relations Board of Türkiye) Outbound Investments Business Council.

Risk Management

Since its foundation the Koç Group has achieved long-term success through its cautious and robust approach toward risk management. To this end, Koç Holding uses sophisticated risk assessment, modeling, reporting, and capital allocation techniques. These processes boost transparency and encourage the application of a more systematic approach to risk assessment in investment and business decisions at all levels.

At the Koç Group, risks are managed by the Finance Department with the oversight of the Board of Directors, in coordination with all Group presidents. Koç Holding's Risk Management function was established to further develop the Group's risk policies, limits and review mechanisms. This risk management function leverages the risk infrastructures in each of the Company's businesses, which have adopted an approach that is aligned with the Group's overall risk policies and limits.

Risks identified through risk management processes are prioritized depending on their probability and impact. It is ensured that most important risks are within the responsibilities of business leaders at company and/or Group level. In the management of risks, the Company has general response strategies that identify categories according to whether it will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable tolerance levels set by the Board of Directors.

The major risks that Koç Holding is exposed to are classified under four main categories:

1. Financial Risks

Financial risks relate to a company's ability to meet its financial obligations and mitigate the effects of market volatility. To keep financial risks under control, a variety of financial indicators, especially Net Financial Debt / EBITDA, Net Foreign Currency Position / Shareholders' Equity, current ratio and the maturity profile of financial liabilities, are monitored, at the Company and Group level on a combined and consolidated basis, and are kept within particular limits. Financial risks are broken down into five main categories:

i) Foreign Currency Risk: The Koç Group companies keep their foreign currency risk exposure within certain limits. As a foreign currency risk management tool, derivative transactions are used when needed. Loans that are designated as cash flow hedges and net investment hedges in foreign operations are excluded from the calculation of the amount subject to foreign currency risk exposure. Moreover, those assets that are reported as TL on the balance sheet and, for which exchange rate changes can be reflected to their sales prices are designated as "natural hedges" and considered as "foreign currency denominated assets" while evaluating the foreign currency risk exposure.

ii) Liquidity Risk: In accordance with the management of liquidity risk, the Group continues to diversify its funding sources, increase the average duration of its financial liabilities, maintain a sufficient level of cash and cash equivalents and sustain the current ratio above a certain limit in case of a sudden cash need.

iii) Credit Risk: The Company mitigates this risk by conducting credit analysis, setting credit limits, trade receivables insurances and obtaining the maximum degree of guarantee. In addition, with the "E-Risk Commercial Risk Application", every effort is taken to ensure that the risk of commercial receivables arising from the Group's operations is followed up centrally.

iv) Interest Rate Risk: In order to manage interest rate risk, the Koç Group implements asset liability management and employs certain derivative financial instruments when necessary.

v) Commodity Price Risk: The Company accepts commodity price risk where they are part of its core business and avoid or reduce exposure where possible through a variety of hedging mechanisms.

2. Strategic Risks

i) Sustainability Risks: Sustainability risks refer to those that arise from environmental and social impact related to company's products, services and operations. Koç Group's sustainability materiality issues and strategy were defined in line with industry drivers and stakeholder expectations. Low carbon transition and climate risks are especially among the material issues of Koç Holding. In this respect, the company started studies to efficiently manage climate change related risks and opportunities. (Please see Sustainability section pages 39-55). The relevant activities of the Koç Group are reviewed on an annual basis within the framework provided by the environmental, social and governance (ESG) perspective. Climate-related risks and opportunities are monitored and managed under the Carbon Transition Program, and the Risk Committee set up under the Board of Directors is kept regularly informed about climate-related risks and opportunities. The details of the Carbon Transition Program management structure can be found in the Sustainability section.

ii) Other Strategic Risks: Other strategic risks relate to the demand for the Company's products and services, market regulations as well as factors that affect market share such as competition, technological changes, and consumer trends and product innovation.

Risk Management

The most effective way to reduce risks defined to sales is to diversify markets sectorally and geographically. As a long-term risk management strategy, Koç Holding is increasing both its sectoral and geographical diversification. In the short term, macroeconomic and sector specific developments are monitored centrally by the president of each group. Koç Holding's strong presence and diversified business lines in the national economy enables it to recognize market changes early and take rapid and coordinated measures.

3. Operational Risks

i) Cyber Risks: Cyber risks, which are critical with respect to the management of operational risks, cover breach of data integrity in the technology and infrastructure where data are stored, transferred or processed, failure to ensure business continuity and data leaks. In addition to achieving regulatory compliance in this respect, international cyber security standards are monitored, risks are analyzed and necessary controls are implemented. Information Technology Security Committee works towards mitigating cyber risks through establishing common cyber security standards applicable across the Koç Group, creating risk corrective controls, and triggering the incident response process in case of cyber incidents. Cyber risks are included in the senior management's agenda so that they can provide the necessary support and guidance, and the process is followed up through regular reporting and auditing functions. Potential risks are identified in advance by way of cyber threat reports and the risk is transferred through cyber risk insurance that covers the Koç Group companies.

i) 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 new 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 for conducting the risk analyses at the Group companies, and identification and prevention mechanisms were reinforced with the implementation of processes including third-party controls and screenings and risk analyses. The Ethics Hotline, which is the reporting mechanism for determining violations of the legislation in force, Code of Ethics and other compliance policies, was updated in parallel with the Koç Group's new whistleblowing policy. The Koç Group Ethics Hotline 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 35 languages online and in 15 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 56-57 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 2021.

In its report dated 17 February 2022, 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.

The Internal Control System is composed of standard descriptions, job descriptions, authorization processes, policies and written procedures defined in the workflows.

Evaluation on Internal Control System and Internal Audit Activities

The Internal Control System is periodically reviewed and audited for effectiveness by the Internal Audit Group. Audit Committee is periodically informed about the Internal Control System and Internal Audit activities.

Audit Information

There is no private or public audit activity finalized in 2021.

Information on Preparation of Consolidated Financial Statements

As a first step, Koç Holding Reporting Unit delivers "Financial Reporting Directives" to Group companies for the preparation of consolidated financial statements. Once financial data is reported by the Group companies through the "Hyperion KOCFR Application", Koç Holding Financial Reporting Unit examines the data whereupon it is transferred to the consolidated financial statements. The consolidated financial statements are audited by the Audit Committee, Internal Audit Group and independent audit company PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi.

Statement of Responsibility for Financial Statements

PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II-14.1. ON FINANCIAL REPORTING

INFORMATION ON THE BOARD OF DIRECTOR'S RESOLUTION REGARDING THE APPROVAL OF THE FINANCIAL STATEMENTS
RESOLUTION DATE: 17 February 2022
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 01.01.2021 – 31.12.2021 under the CMB Financial Reporting Communique II.14.1. in accordance with Turkish Financial Reporting Standards ("TFRS) and in line with the formats determined by the CMB,

- have been reviewed by us,
- do not contain any inaccuracy in all material respects and are free of omissions that may be regarded as misleading as of the issue date,
- The financial statements prepared in line with the Communique present fairly the assets, liabilities, financial position and the results of operations of the company as well as of the companies included in the scope of consolidation.

Regards,

(signature)	(signature)	(signature)
Dr. Cem M. Kozlu Committee Chair	Emily K. Rafferty Committee Member	Ahmet F. Ashaboğlu CFO

Statement of Responsibility for Annual Report

PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II-14.1. ON FINANCIAL REPORTING

INFORMATION ON THE BOARD OF DIRECTOR'S RESOLUTION REGARDING THE APPROVAL OF THE ANNUAL REPORT
RESOLUTION DATE: 10 March 2022
RESOLUTION NUMBER: 14

Under the Capital Markets Board (CMB) Regulations, within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company, we hereby announce and declare that the attached Annual Report, which includes the Corporate Governance Compliance Report, the Corporate Governance Information Form and the explanations regarding Sustainability Principles of CMB, for the year of 2021 prepared by the Company in accordance with Turkish Commercial Code and CMB Financial Reporting Communiqué numbered as II.14.1. and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in accordance with CMB Regulations;

- has been reviewed by us;
- does not contain any inaccuracy in all material respects and is free of omissions that may be regarded as misleading as of the issue date;
- presents fairly the progress and the performance of the business, the financial position of the Company and the companies included in the scope of consolidation together with the material risks and uncertainties.

Regards,

(signature)	(signature)	(signature)
Dr. Cem M. Kozlu Committee Chair	Emily K. Rafferty Committee Member	Ahmet F. Ashaboğlu CFO

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(Convenience translation into english of the Independent auditors' report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITORS' REPORT

To the General Assembly of Koç Holding A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Koç Holding A.Ş. ("Koç Holding" or the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3. Key Audit Matters (Continued)

Key audit matters	*How our audit addressed the key audit matter*
Impairment tests of indefinite-life intangible assets The consolidated financial statements as of and for the year ending 31 December 2021 include goodwill and brands under intangible assets, with carrying values of TL 5.581.511 thousand and TL 4.549.402 thousand, respectively. While TL 2.737.061 thousand of the total goodwill is related to the energy segment, TL 2.013.259 thousand of the total goodwill is related to financial services segment, the rest of the goodwill and the brands are mostly related to the durable goods segment. These indefinite-life intangible assets should be tested for impairment annually, as required by TFRS. Relevant indefinite-life intangible assets are material to the consolidated financial statements. In addition, significant judgments and estimates are used in the impairment tests performed by management. For goodwill and brand impairment tests; these are earnings before interest, tax, depreciation and amortization growth forecasts, long term growth rates and discount rates. In addition, royalty rates used in the relief from royalty method for the brand impairment tests are also key estimates. The outcomes of such estimates are very sensitive to changes in market conditions. Therefore, these impairment tests are key matters for our audit. Please refer to notes 2.4, 2.5, 15 and 16 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.	We performed the following procedures in relation to the impairment tests of indefinite-life intangible assets: · Evaluating the appropriateness of the Cash Generating Units ("CGUs") determined by management, · Understanding management's future plans and cash flow forecasts for relevant segments and evaluating these in light of available macroeconomic data, · Assessing reasonableness of forecasted cash flows for each CGU by comparing them against their historical financial performance, · Through involvement of our internal valuation experts, assessing and challenging key assumptions, including long term growth rates, discount rates and royalty rates and benchmarking these against rates used in the relevant industries, · Testing the setup of the discounted cash flow models and their mathematical accuracy, · Testing management's sensitivity analysis for key assumptions, · Testing the disclosures in the consolidated financial statements in relation to the impairment tests of tangible and indefinite-life intangible assets and evaluating the adequacy of such disclosures for TFRS' requirements. We had no material findings related to the impairment tests of relevant assets as a result of these procedures.

INDEPENDENT AUDITORS' REPORT

3. Key Audit Matters (Continued)

Key audit matters	*How our audit addressed the key audit matter*
Yapı ve Kredi Bankası A.Ş. ("YKB") - Impairment of loans and receivables Consolidated financial statements as of 31 December 2021 include an impairment provision of TL 30.392.367 thousand in relation to loans and receivables of YKB amounting TL 445.078.757 thousand. Aforementioned amounts represent a significant portion of the YKB's and Koç Holding's total assets. Due to (1) complexity of estimates and information used in the impairment assessment such as historical loss experiences, current conditions, forward looking macro-economic expectations; (2) significance of loans and receivables in the consolidated financial statements; (3) level of judgments and estimations made by the management used in classification of loans as per their credit risk (staging) and (4) timely and correct identification of default event, significant increase in credit risk and level of judgements and estimations made by the management, impairment of loans and receivables is considered as a key matter for audit of the consolidated financial statements. Please refer to notes 2.4, 2.5, 10, 32 and 35 to the consolidated financial statements for the accounting policy and the relevant disclosures.	We performed the following procedures in relation to the impairment of loans and receivables: · Understanding the policies, procedures and principles of management with respect to staging of loans and calculation of expected credit losses in accordance with TFRS 9 and testing design and operating effectiveness of controls in these processes implemented by management, · Inquiries with YKB's management about their forward-looking assumptions in the expected credit loss calculations, and evaluation of those assumptions by using publicly available information, · Through involvement of our financial risk experts, assessment and testing of the appropriateness of segmentation used in the models, lifetime probability of default model, loss given default model, and approaches in relation to forward-looking expectations (including macroeconomic factors), · Through involvement of our financial risk experts, assessment and testing of the reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used, · Through involvement of financial risk experts, testing selected models used in determination of provisions for various credit portfolios on a sample selection basis, · Testing the appropriateness of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the arithmetical calculations for a sample of exposures, · Testing the calculation of the loss given default (LGD) used by YKB in the expected credit losses calculations, as well as testing of collaterals, recovery and costs, · Testing the expected credit losses for individual loans based on YKB's policy through assessing the reasonableness of provisions in light available data and inquiring with management, · Through involvement of our information technology specialists, testing key source data used in YKB's expected credit losses calculations; and testing the reliability and completeness of the data used in expected credit losses calculations, · Testing the mathematical accuracy of expected credit losses calculations, · Performing loan review procedures based on a selected sample in order to assess the appropriateness of the determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment, · Testing the adequacy of the disclosures in the consolidated financial statements in relation to the impairment of loans and receivables. We had no material findings related to the impairment tests of impairment of loans and receivables as a result of these procedures.

3. Key Audit Matters (Continued)

Key audit matters	*How our audit addressed the key audit matter*
Yapı ve Kredi Bankası A.Ş. ("YKB") -Valuation of Pension Fund ("Pension Fund") obligations The consolidated financial statements as of 31 December 2021 include a provision for Pension Fund liabilities of YKB in amounting to TL 1.813.098 thousand under non-current liabilities. Pension Fund liabilities of YKB are material to YKB's and Koç Holding's consolidated financial statements. In addition, the total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. These assumptions include transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. These assumptions and estimates are very sensitive to changes in market conditions. In addition, the uncertainty of the transfer date, the fact that technical interest rate is determined by law and the significance of possible deviations from these assumptions, accounting of Pension Fund liabilities is a key matter for our audit. Please refer to notes 2.4, 2.5 and 20 to the consolidated financial statements for the accounting policy and the relevant disclosures.	We performed the following procedures in relation to the relevant obligations: · Testing, on a sample basis, the accuracy of the employee data supplied by the Group management to the external actuary firm for pension obligation calculation, · Verifying the existence and carrying values of the Pension Fund assets, · Examining whether there are significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities or regulations related to valuations, and testing such significant changes, · Through use of our actuarial specialists, assessing the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the obligation, · Testing the adequacy of the disclosures in the consolidated financial statements in relation to the Pension Fund obligations. We had no material findings related to the valuation of Pension Fund obligations as a result of these procedures.

4. Other Matter

As explained in Note 2.1.3 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2021 for the consolidated balance sheet; and the official EUR and USD average CBRT bid rates of the year 2021 for the consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows, and they do not form part of the consolidated financial statements.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising from Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2021 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 17 February 2022.

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

Cihan Harman, SMMM
Partner

Istanbul, 17 February 2022

KOÇ HOLDİNG A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY- 31 DECEMBER 2021

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KOÇ HOLDİNG A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2021 (*) EUR'000	2021 (*) USD'000	*Audited* 2021 TL'000	*Audited* 2020 TL'000
ASSETS					
Current assets:					
Cash and cash equivalents	5	6.392.004	7.231.694	93.849.314	60.360.801
Balances with the Central Bank of the Republic of Turkey	6	7.031.957	7.955.716	103.245.309	48.972.272
Financial assets	7	986.413	1.115.994	14.482.812	6.126.643
Trade receivables	9	3.199.724	3.620.059	46.979.315	20.478.731
- Related parties	*9*	*209.346*	*236.847*	*3.073.686*	*1.239.528*
- Third parties	*9*	*2.990.378*	*3.383.212*	*43.905.629*	*19.239.203*
Receivables from finance sector operations	10	15.621.677	17.673.831	229.362.141	157.462.310
Derivative instruments	11	1.142.906	1.293.044	16.780.484	2.317.060
Inventories	12	3.150.627	3.564.511	46.258.445	18.651.844
Other receivables	22	448.514	507.434	6.585.219	2.193.924
Other current assets	23	3.296.230	3.729.242	48.396.237	24.809.568
		41.270.052	46.691.525	605.939.276	341.373.153
Assets held for sale	25	2.406	2.722	35.320	201.321
Total current assets		**41.272.458**	**46.694.247**	**605.974.596**	**341.574.474**
Non-current assets:					
Financial assets	7	8.047.440	9.104.599	118.154.933	73.171.712
Investments accounted for using the equity method	8	826.525	935.102	12.135.290	8.367.140
Trade receivables	9	52.835	59.775	775.733	521.842
- Third parties	*9*	*52.835*	*59.775*	*775.733*	*521.842*
Receivables from finance sector operations	10	12.762.384	14.438.925	187.381.146	137.770.791
Derivative instruments	11	601.237	680.219	8.827.536	3.902.082
Investment properties	13	25.133	28.435	369.009	384.742
Property, plant and equipment	14	3.484.991	3.942.800	51.167.683	38.520.817
Intangible assets		1.256.106	1.421.115	18.442.530	12.932.015
- Goodwill	*15*	*380.152*	*430.091*	*5.581.511*	*3.725.523*
- Other intangible assets	*16*	*875.954*	*991.024*	*12.861.019*	*9.206.492*
Deferred tax assets	19	889.272	1.006.092	13.056.562	9.812.215
Other non-current assets	23	290.710	328.899	4.268.289	3.142.714
Total non-current assets		**28.236.633**	**31.945.961**	**414.578.711**	**288.526.070**
Total assets		**69.509.091**	**78.640.208**	**1.020.553.307**	**630.100.544**

(*) 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

These consolidated financial statements as of and for the year ended 31 December 2021 have been approved for issue by the Board of Directors ("BOD") on 17 February 2022. These consolidated financial statements will be finalised following their approval in the General Assembly.

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2021 (*) EUR'000	2021 (*) USD'000	*Audited* 2021 TL'000	*Audited* 2020 TL'000
LIABILITIES					
Current liabilities:					
Short term borrowings	17	4.209.575	4.762.569	61.806.242	23.766.653
Short term portion of long-term borrowings	17	4.202.631	4.754.713	61.704.287	47.957.577
Trade payables	9	4.875.805	5.516.320	71.588.038	29.039.594
- Related parties	*9*	*183.191*	*207.256*	*2.689.664*	*2.638.387*
- Third parties	*9*	*4.692.614*	*5.309.064*	*68.898.374*	*26.401.207*
Payables of finance sector operations	18	30.330.951	34.315.402	445.328.125	274.101.362
Derivative instruments	11	881.626	997.442	12.944.298	4.688.529
Current income tax liabilities	19	174.712	197.664	2.565.179	1.587.179
Short term provisions	21	251.902	284.993	3.698.499	1.878.630
Other payables	22	325.453	368.206	4.778.397	4.075.701
Other current liabilities	23	3.082.891	3.487.870	45.263.866	27.383.629
		48.335.546	54.685.179	709.676.931	414.478.854
Liabilities related to assets held for sale	25	-	-	-	14.110
Total current liabilities		**48.335.546**	**54.685.179**	**709.676.931**	**414.492.964**
Non-current liabilities:					
Long term borrowings	17	11.086.758	12.543.179	162.779.111	110.083.014
Payables of finance sector operations	18	398.138	450.440	5.845.587	3.069.577
Derivative instruments	11	623.755	705.696	9.158.164	6.748.047
Other payables	22	-	-	-	207.350
Deferred tax liabilities	19	177.539	200.862	2.606.687	1.258.612
Long term provisions		500.510	566.260	7.348.634	4.986.473
- Long term provisions for employee benefits	*20*	*333.686*	*377.521*	*4.899.279*	*3.434.738*
- Other long-term provisions	*21*	*166.824*	*188.739*	*2.449.355*	*1.551.735*
Other non-current liabilities	23	138.475	156.666	2.033.131	1.183.455
Total non-current liabilities		**12.925.175**	**14.623.103**	**189.771.314**	**127.536.528**
Total liabilities		**61.260.721**	**69.308.282**	**899.448.245**	**542.029.492**
Equity:					
Paid-in share capital	24	172.718	195.407	2.535.898	2.535.898
Adjustment to share capital	24	65.881	74.536	967.288	967.288
Treasury shares	24	(1.299)	(1.469)	(19.066)	-
Share premium		632	716	9.286	9.286
Other comprehensive income/expense not to be reclassified to profit or loss	24	(42.230)	(47.778)	(620.039)	(278.721)
Other comprehensive income/expense to be reclassified to profit or loss	24	383.784	434.200	5.634.832	1.167.240
Restricted reserves	24	36.669	41.487	538.386	523.765
Prior years' income		2.683.626	3.036.163	39.401.808	32.144.813
Profit for the period		1.034.764	1.170.696	15.192.711	9.272.570
Equity holders of the parent		4.334.545	4.903.958	63.641.104	46.342.139
Non-controlling interests		3.913.825	4.427.968	57.463.958	41.728.913
Total equity		**8.248.370**	**9.331.926**	**121.105.062**	**88.071.052**
Total liabilities and equity		**69.509.091**	**78.640.208**	**1.020.553.307**	**630.100.544**
Commitments and contingent liabilities	**34**				

(*) 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2021 (*) EUR'000	2021 (*) USD'000	*Audited* 2021 TL'000	*Audited* 2020 TL'000
Revenue	26	26.140.083	30.798.016	273.652.688	142.535.886
Revenue from finance sector operations	26	6.976.608	8.219.778	73.036.014	41.241.390
Total revenue	**4**	**33.116.691**	**39.017.794**	346.688.702	**183.777.276**
Cost of sales	27	(21.706.265)	(25.574.130)	(227.236.375)	(119.935.381)
Cost of finance sector operations	27	(3.762.498)	(4.432.941)	(39.388.458)	(19.511.001)
Total costs		**(25.468.763)**	**(30.007.071)**	**(266.624.833)**	**(139.446.382)**
Gross profit (non-finance)		4.433.818	5.223.886	46.416.313	22.600.505
Gross profit (finance)		3.214.110	3.786.837	33.647.556	21.730.389
Gross profit		**7.647.928**	**9.010.723**	**80.063.869**	**44.330.894**
Marketing expenses	27	(1.488.928)	(1.754.242)	(15.587.139)	(9.747.230)
General administrative expenses	27	(1.618.382)	(1.906.763)	(16.942.352)	(12.799.708)
Research and development expenses	27	(60.274)	(71.014)	(630.986)	(454.419)
Other operating income	28	1.176.295	1.385.900	12.314.280	4.878.475
Other operating expenses	28	(2.906.029)	(3.423.858)	(30.422.344)	(12.342.768)
Share of profit/loss of investments accounted for using the equity method	8	561.642	661.721	5.879.657	2.966.673
Operating profit	**4**	**3.312.252**	**3.902.467**	**34.674.985**	**16.831.917**
Gains from investment activities	29	60.856	71.700	637.082	3.763.736
Losses from investment activities	29	(5.155)	(6.073)	(53.965)	(189.569)
Operating profit before financial income/(expense)		**3.367.953**	**3.968.094**	**35.258.102**	**20.406.084**
Financial income	30	3.810.578	4.489.590	39.891.800	16.364.045
Financial expense	30	(4.396.075)	(5.179.416)	(46.021.186)	(22.930.327)
Profit before tax	**4**	**2.782.456**	**3.278.268**	**29.128.716**	**13.839.802**
Tax income/(expense)		**(281.214)**	**(331.323)**	**(2.943.944)**	**(1.206.505)**
- Current income tax expense	19	(506.473)	(596.722)	(5.302.116)	(3.819.493)
- Deferred tax income	19	225.259	265.399	2.358.172	2.612.988
Profit for the period		**2.501.242**	**2.946.945**	**26.184.772**	**12.633.297**
Attributable to:					
Non-controlling interests	4	1.049.993	1.237.092	10.992.061	3.360.727
Equity holders of the parent	**4**	**1.451.249**	**1.709.853**	**15.192.711**	**9.272.570**
Earnings per share (Kr)	**37**			**5,992**	**3,657**

(*) 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	2021 (*) EUR'000	2021 (*) USD'000	*Audited* 2021 TL'000	*Audited* 2020 TL'000
Profit for the period	**2.501.242**	**2.946.945**	**26.184.772**	**12.633.297**
Other comprehensive income:				
Items not to be reclassified to profit/loss	**(77.130)**	**(90.873)**	**(807.445)**	**(232.083)**
Gains/(losses) on remeasurements of defined benefit plans	(69.918)	(82.376)	(731.946)	(230.595)
Share of other comprehensive ncome/(expenses) of investments accounted for using the equity method	(7.212)	(8.497)	(75.499)	(1.488)
Taxes relating to other comprehensive income not to be reclassified to profit/(loss)	**14.678**	**17.293**	**153.659**	**46.081**
Gains/(losses) on remeasurements of defined benefit plans, tax effect	14.678	17.293	153.659	46.081
Items to be reclassified to profit/loss	**999.311**	**1.177.376**	**10.461.472**	**3.518.663**
Currency translation differences	986.696	1.162.513	10.329.411	3.110.305
Gains/(losses) on financial assets measured at fair value through other comprehensive income	159.853	188.337	1.673.449	439.667
Gains/(losses) on hedges of net investments in foreign operations	(388.039)	(457.184)	(4.062.261)	(1.536.827)
Gains/(losses) on cash flow hedges	203.482	239.741	2.130.195	1.813.878
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	37.319	43.969	390.678	(308.360)
Taxes relating to other comprehensive income to be reclassified to profit/loss	**25.445**	**29.979**	**266.375**	**(259.713)**
Gains/(losses) on financial assets measured at fair value through other comprehensive income, tax effect	(30.812)	(36.302)	(322.559)	(44.994)
Gains/(losses) on hedges of net investments in foreign operations, tax effect	94.852	111.753	992.974	272.480
Gains/(losses) on cash flow hedges, tax effect	(38.595)	(45.472)	(404.040)	(487.199)
Other comprehensive income	**962.304**	**1.133.775**	**10.074.061**	**3.072.948**
Total comprehensive income	**3.463.546**	**4.080.720**	**36.258.833**	**15.706.245**
Attributable to:				
Non-controlling interest	1.618.142	1.906.481	16.939.848	5.329.690
Equity holders of the parent	**1.845.404**	**2.174.239**	**19.318.985**	**10.376.555**

(*) 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

					Items not to be reclassified to profit/loss
	Paid-in share capital	Adjustment to share capital	Treasury shares	Share premium	Gains/(losses) on remeasurement of defined benefit plans
Balances at 1 January 2020	**2.535.898**	**967.288**	**-**	**9.286**	**(297.850)**
Transfers	-	-	-	-	-
Dividends paid	-	-	-	-	-
Acquisition of a subsidiary due to change of control	-	-	-	-	101.032
Transactions with non-controlling interests	-	-	-	-	12
Total comprehensive income/(expense)	-	-	-	-	(81.915)
Balances at 31 December 2020	**2.535.898**	**967.288**	**-**	**9.286**	**(278.721)**
Balances at 1 January 2021	**2.535.898**	**967.288**	**-**	**9.286**	**(278.721)**
Transfers	-	-	-	-	-
Dividends paid	-	-	-	-	-
Increase/(decrease) through treasury share transactions (Note 24)	-	-	(19.066)	-	-
Transactions with non-controlling interests	-	-	-	-	-
Acquisition of a subsidiary (Note 3)	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	(341.318)
Balances at 31 December 2021	**2.535.898**	**967.288**	**(19.066)**	**9.286**	**(620.039)**

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
2.529.699	**(2.992.323)**	**57.615**	**523.765**	**28.557.523**	**4.391.159**	**36.282.060**	**13.369.975**	**49.652.035**
-	-	-	-	4.391.159	(4.391.159)	-	-	-
-	-	-	-	(670.701)	-	(670.701)	(327.393)	(998.094)
(886.526)	1.345.234	(68.948)	-	(101.032)	-	389.760	23.186.226	23.575.986
-	(3.411)	-	-	(32.136)	-	(35.535)	170.415	134.880
1.530.296	(744.825)	400.429	-	-	9.272.570	10.376.555	5.329.690	15.706.245
3.173.469	**(2.395.325)**	**389.096**	**523.765**	**32.144.813**	**9.272.570**	**46.342.139**	**41.728.913**	**88.071.052**
3.173.469	**(2.395.325)**	**389.096**	**523.765**	**32.144.813**	**9.272.570**	**46.342.139**	**41.728.913**	**88.071.052**
-	-	-	(4.445)	9.277.015	(9.272.570)	-	-	-
-	-	-	-	(1.769.874)	-	(1.769.874)	(1.637.101)	(3.406.975)
-	-	-	19.066	(19.066)	-	(19.066)	-	(19.066)
-	-	-	-	(231.080)	-	(231.080)	(809.175)	(1.040.255)
-	-	-	-	-	-	-	1.241.473	1.241.473
5.289.208	(1.469.326)	647.710	-	-	15.192.711	19.318.985	16.939.848	36.258.833
8.462.677	**(3.864.651)**	**1.036.806**	**538.386**	**39.401.808**	**15.192.711**	**63.641.104**	**57.463.958**	**121.105.062**

KOÇ HOLDİNG A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2021 (*) EUR'000	2021 (*) USD'000	*Audited* 2021 TL '000	*Audited* 2020 TL '000
A. Cash Flows From Operating Activities:					
Profit for the period		2.501.242	2.946.945	26.184.772	12.633.297
Adjustments to reconcile profit for the period to cash generated from operating activities:					
Tax expense/(income)	19	281.214	331.323	2.943.944	1.206.505
Undistributed profits of investments account for using the equity method	8	(561.642)	(661.721)	(5.879.657)	(2.966.673)
Depreciation and amortisation	4	504.887	594.854	5.285.513	4.063.559
Adjustments for provisions	38	242.350	285.535	2.537.089	1.079.712
Adjustments for impairment loss/(reversal of impairment loss)	38	411.446	484.762	4.307.305	7.901.688
Adjustments for non-finance sector interest (income)/expenses, net	30	476.853	561.823	4.992.022	3.888.815
Adjustments for finance sector interest (income)/expenses		(1.397.526)	(1.646.553)	(14.630.280)	(2.983.832)
Fair value losses/(gains) on derivative instruments		171.598	202.175	1.796.409	3.308.028
Unrealised foreign exchange losses/(gains)		2.035.027	2.397.650	21.304.083	(7.502.929)
- *Exchange (gains)/losses on borrowings, net*		*7.083.769*	*8.346.034*	*74.157.850*	*18.943.670*
- *Exchange (gains)/losses on cash and cash equivalents, net*		*(5.048.742)*	*(5.948.384)*	*(52.853.767)*	*(26.446.599)*
Losses/(gains) on disposal of non-current assets	29	(25.325)	(29.837)	(265.118)	(156.962)
Gain from bargain purchase	29	(22.448)	(26.448)	(234.997)	-
Losses/(gains) on disposal of non-current assets held for sale	29	270	319	2.831	-
Adjustments for dividend income	29	(857)	(1.009)	(8.967)	-
Other adjustments related to reconciliation of profit/(loss)		-	-	-	(3.506.614)
- *Income arising from change of control*	*29*	-	-	-	*(2.995.339)*
- *Termination fee income*	*29*	-	-	-	*(511.275)*
		4.617.089	**5.439.818**	**48.334.949**	**16.964.594**
Changes in working capital	38	362.116	426.641	3.790.879	5.054.179
Income taxes refund/(paid)		(388.237)	(457.417)	(4.064.332)	(2.918.074)
Dividend payments received from Joint Ventures, net	8	248.613	292.913	2.602.651	1.109.116
Total cash flows from operating activities		**4.839.581**	**5.701.955**	**50.664.147**	**20.209.815**
B. Cash Flows From Investing Activities:					
Cash outflows from purchases of property, plant and equipment and intangible assets	4	(1.196.717)	(1.409.961)	(12.528.070)	(8.026.864)
Cash inflows from sale of property, plant and equipment and intangible assets		230.153	271.164	2.409.404	1.480.676
Cash inflows from disposal of non-current assets held for sale		201	237	2.107	-
Cash inflows from sale of Subsidiaries without loss of control		-	-	-	142.316
Cash outflows from acquisition of additional interest in Subsidiaries		-	-	-	(7.412)
Cash outflows from acquisition of interest/capital increase of Joint Ventures	8	(19.140)	(22.551)	(200.371)	(95.776)
Cash outflows from acquisition of interest/capital increase in financial assets		(28.931)	(34.086)	(302.867)	(50.758)
Dividends received	29	857	1.009	8.967	-
Other cash inflows/(outflows)		(4.106.487)	(4.838.227)	(42.989.579)	19.394.621
- *Cash inflows/outflows due to business combinations, net*	*3*	*(245.496)*	*(289.241)*	*(2.570.021)*	*37.322.072*
- *Cash outflows from purchase/sale of financial assets measured at fair value through other comprehensive income and measured at amortised cost, net*		*(3.860.991)*	*(4.548.986)*	(40.419.558)	*(18.438.726)*
- *Cash inflows from termination fee*	*29*	-	-	-	*511.275*
Total cash flows from investing activities		**(5.120.064)**	**(6.032.415)**	**(53.600.409)**	**12.836.803**
C. Cash Flows From Financing Activities:					
Dividends paid		(325.444)	(383.435)	(3.406.975)	(998.094)
Cash inflows from borrowings	17	7.911.752	9.321.557	82.825.759	93.336.271
Cash outflows from repayments of borrowings	17	(5.741.130)	(6.764.149)	(60.102.166)	(97.865.167)
Cash inflows/(outflows) from derivative instruments, net		(257.140)	(302.960)	(2.691.918)	(740.961)
Cash outflows from payments of lease liabilities	17	(131.898)	(155.402)	(1.380.805)	(790.372)
Non-finance sectors interest paid		(548.098)	(645.765)	(5.737.877)	(4.695.147)
Non-finance sectors interest received		167.660	197.535	1.755.181	903.917
Transactions with non-controlling interests		(99.368)	(117.075)	(1.040.255)	-
Cash outflows from purchase of treasury shares	24	(1.821)	(2.146)	(19.066)	-
Total cash flows from financing activities		**974.513**	**1.148.160**	**10.201.878**	**(10.849.553)**
Effect of exchange rate changes on cash and cash equivalents		5.048.742	5.948.384	52.853.767	26.446.599
Net increase/(decrease) in cash and cash equivalents		5.742.772	6.766.084	60.119.383	48.643.664
Cash and cash equivalents at the beginning of the period		8.081.116	9.521.099	84.598.776	35.955.112
Cash and cash equivalents at the end of the period	38	**13.823.888**	**16.287.183**	**144.718.159**	**84.598.776**

(*) 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 2021, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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	
	2021	**2020**	**2021**	**2020**
Monthly paid	48.678	45.091	46.784	45.814
Hourly paid	57.230	55.550	56.447	50.288
Total number of personnel	**105.908**	**100.641**	**103.231**	**96.102**

The registered address of Koç Holding is as follows:

Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk-İSTANBUL

Koç Holding is subject to regulations of the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BIST") since 10 January 1986. As of 31 December 2021, shareholding structure of Koç Holding is as follows:

	%
Companies owned by Koç Family members	45,05
Koç Family members	19,24
Vehbi Koç Vakfı	7,26
Koç Holding Emekli ve Yardım Sandığı Vakfı	1,99
Other (*)	26,46
	100,00

(*) Includes treasury shares of 0,04% as of 31 December 2021 (Note 24).

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durables
- Finance
- Other (*)

(*) Other operations of Group mainly comprise of food, retail, tourism, information technologies and ship construction, none of which are of a sufficient size to be reported separately.

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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
Anadoluhisarı Tankercilik A.Ş. ("Anadoluhisarı Tankercilik")	Turkey	Petroleum Shipping
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim")	Turkey	Natural Gas
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış")	Turkey	Natural Gas
Bakırköy Tankercilik A.Ş. ("Bakırköy Tankercilik")	Turkey	Petroleum Shipping
Bal Kaynak Su İhracat İthalat San. ve Tic. A.Ş. ("Bal Kaynak Su")	Turkey	Trading of Water Products
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	Turkey	Petroleum Shipping
Çengelköy Tankercilik A.Ş. ("Çengelköy Tankercilik")	Turkey	Petroleum Shipping
Ditaş Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek")	Turkey	Power Generation
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. ("Enspire Enerji") (1)	Turkey	Power Generation
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	Power Generation
Göztepe Tankercilik A.Ş. ("Göztepe Tankercilik")	Turkey	Petroleum Shipping
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik")	Turkey	Petroleum Shipping
Karaköy Tankercilik A.Ş. ("Karaköy Tankercilik")	Turkey	Petroleum Shipping
Karşıyaka Tankercilik A.Ş. ("Karşıyaka Tankercilik")	Turkey	Petroleum Shipping
Kartal Tankercilik A.Ş. ("Kartal Tankercilik")	Turkey	Petroleum Shipping
Körfez Ulaştırma A.Ş. ("Körfez")	Turkey	Air, Sea, Road and Railway Transportation
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik")	Turkey	Petroleum Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik")	Turkey	Petroleum Shipping
Maltepe Tankercilik A.Ş. ("Maltepe Tankercilik")	Turkey	Petroleum Shipping
Menzelet Kılavuzlu Elektrik Üretimi A.Ş. ("Menzelet Kılavuzlu Elektrik")	Turkey	Power Generation
Pendik Tankercilik A.Ş. ("Pendik Tankercilik")	Turkey	Petroleum Shipping
Salacak Tankercilik A.Ş. ("Salacak Tankercilik")	Turkey	Petroleum Shipping
Sarıyer Tankercilik A.Ş. ("Sarıyer Tankercilik")	Turkey	Petroleum Shipping
Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo") (2)	Turkey	Cargo Transport/Distribution
Süloğlu Elektrik Üretimi A.Ş. ("Süloğlu Elektrik") (1)	Turkey	Power Generation
T Damla Denizcilik A.Ş. ("T Damla Denizcilik")	Turkey	Mooring and Tug Service
Tuzla Tankercilik A.Ş. ("Tuzla Tankercilik")	Turkey	Petroleum Shipping
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Tüpraş 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 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Ayas Enerji Üretim ve Ticaret A.Ş. ("Ayas Enerji")	Oyak Birleşik Enerji A.Ş.	Turkey	Power Generation
Güney Tankercilik A.Ş. ("Güney Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Kuzey Tankercilik A.Ş. ("Kuzey Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Opet Aygaz Gayrimenkul A.Ş. ("Opet Aygaz Gayrimenkul")	Öztürk Family	Turkey	Real Estate
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. ("Opet Fuchs")	Fuchs Petrolub SE	Turkey	Lubricant Trading
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. ("Opet Market ve Akaryakıt")	Öztürk Family	Turkey	Petroleum Products Trading and Retail
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	Netherlands	Petroleum Products Trading
Tasfiye Halinde Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore") (3)	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") (4)	United Enterprises & Co. Ltd.	Bangladesh	LPG Supply, Filling and

(1) Acquired by Entek on 4 August 2021 and included in the scope of consolidation (Note 3). The titles of Steag Turkey Enerji Yatırımları ve Hizmetleri A.Ş. and Steag Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş. were changed and registered as Enspire Enerji Yatırımları ve Hizmetleri A.Ş. and Süloğlu Elektrik Üretimi A.Ş. on 30 November 2021, respectively.

(2) The title of Aygaz Aykargo Dağıtım Hizmetleri A.Ş. was changed and registered as "Sendeo Dağıtım Hizmetleri A.Ş." on 2 September 2021.

(3) In the process of liquidation.

(4) Aygaz acquired 50% of United LPG shares in 2021. With the Shareholders Agreement signed on 20 January 2021, the title of the joint venture company was decided to be United Aygaz LPG Ltd., which will be effective following the completion of necessary approvals.

Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Olympic Commercial and Tourist Enterprises S.A. ("Olympic")	Greece	Car Rental and Trading
Otokar Europe SAS ("Otokar Europe")	France	Sales and Marketing
Otokar Europe Filiala Bucuresti S.R.L. ("Otokar Europe Filiala")	Romania	Sales and Marketing
Otokar Land Systems LLC ("Otokar Land Systems")	UAE	Sales and Marketing
Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç ABG Hollanda B.V. ("Otokoç Hollanda")	The Netherlands	Investment
Otokoç Azerbaijan MMC ("Otokoç Azerbaycan")	Azerbaijan	Car Rental
Otokoç Otomotiv Tic. Ve San. A.Ş. ("Otokoç")	Turkey	Car Rental and Trading
Otokoç Hungary KFT ("Otokoç Hungary")	Hungary	Car Rental
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance

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
Koç Fiat Kredi Finansman A.Ş. ("Fiat Finans")	Stellantis N.V.	Turkey	Consumer Finance
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

Liquidation process of Tasfiye Halinde Otoyol Sanayi A.Ş. ("Otoyol") was completed on 20 January 2021.

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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") (1)	The Netherlands	Holding
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd. ("Arçelik Hitachi Shangai") (1)	China	Production/Sales
Arçelik Hitachi Home Appliances (Thailand) Ltd. ("Arçelik Hitachi Thailand") (1)	Thailand	Production/Sales
Arçelik Hitachi Home Appliances Sales (China) Ltd. ("Arçelik Hitachi China") (1)	China	Sales
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd ("Arçelik Hitachi Singapore") (1)	Singapore	Sales
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd. ("Arçelik Hitachi Sales Thailand") (1)	Thailand	Sales
Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd. ("Arçelik Hitachi Malaysia") (1)	Malaysia	Sales
Arçelik Hitachi Home Appliances Sales Middle East Fze ("Arçelik Hitachi Dubai") (1)	United Arab Emirates	Sales
Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd. ("Arçelik Hitachi Vietnam") (1)	Vietnam	Sales
Arçelik Hitachi Home Appliances Sales Hong Kong Limited ("Arçelik Hitachi Hong Kong") (1)	Hong Kong, China	Sales
Arçelik Hitachi Taiwan Home Appliances Sales Ltd. ("Arçelik Hitachi Taiwan) (1)	Taiwan	Sales
Arçelik Pazarlama A.Ş. ("Arçelik Pazarlama")	Turkey	Service/Sales/Marketing
Arçelik Üretim ve Teknoloji A.Ş. ("Arçelik Üretim ve Teknoloji") (2)	Turkey	Production/Sales
Arch R&D Co. Ltd. ("Arch R&D")	China	R&D
Arcwaste Collection SRL ("Arcwaste")	Romania	Services
Ardutch B.V. ("Ardutch")	The Netherlands	Holding
Ardutch B.V. Taiwan ("Ardutch Taiwan")	Taiwan	Procurement
Beko A and NZ Pty Ltd. ("Beko Australia")	Australia	Sales
Beko A and NZ Pty Ltd. New Zealand Branch ("Beko New Zealand")	New Zealand	Sales
Beko APAC IBC Co. ("Beko APAC")	Thailand	Services
Beko Appliances Indonesia, PT ("Beko Indonesia")	Indonesia	Sales
Beko Appliances Malaysia Sdn Bhd. ("Beko Malaysia")	Malaysia	Sales
Beko Balkans D.O.O ("Beko Balkans")	Serbia	Sales
Beko Central Asia LLC ("Beko Central Asia")	Kazakhstan	Sales
Beko Cesko ("Beko Cesko") (3)	Czechia	-
Beko Egypt Trading LLC ("Beko Egypt")	Egypt	Sales
Beko Electronics Espãna S.L. ("Beko Espana")	Spain	Sales
Beko France S.A.S. ("Beko France")	France	Sales
Beko Grundig Deutschland GmbH ("Beko Deutschland")	Germany	Sales
Beko Grundig Deutschland GmbH Croatia Branch Office ("Beko Croatia")	Croatia	Sales
Beko Grundig Schweiz GmbH ("Beko Grundig Schweiz")	Switzerland	Sales
Beko Gulf FZE ("Beko Gulf")	UAE	Sales
Beko Home Appliances Portugal ("Beko Portugal")	Portugal	Sales
Beko Hong Kong Ltd. ("Beko Hong Kong")	Hong Kong, China	Procurement
Beko Israel Household Appliances Ltd. ("Beko Israel")	Israel	Marketing
Beko Italy SRL ("Beko Italy")	Italy	Sales
Beko LLC. ("Beko Russia")	Russia	Production/Sales
Beko Morocco Household Appliances SARL ("Beko Morocco")	Morocco	Sales
Beko Pilipinas Corporation ("Beko Philippines")	Philippines	Sales
Beko Plc. ("Beko UK")	The UK	Sales
Beko Plc. ("Beko Ireland")	Ireland	Sales
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales
Beko S.A. ("Beko Polska")	Poland	Sales
Beko S.A. Czech Republic ("Beko Czech")	Czechia	Sales
Beko Thai Co.Ltd. ("Beko Thailand")	Thailand	Production/Sales
Beko Ukraine LLC ("Beko Ukraine")	Ukraine	Sales
Beko US INC. ("Beko US")	United States of America	Sales
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Trading
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/Sales
Dawlance (Private) Ltd. ("DPL")	Pakistan	Production/Sales
Defy Appliances (Proprietary) Limited ("Defy")	Republic of South Africa	Production/Sales
Defy (Botswana) (Proprietary) Limited ("Defy Botswana")	Botswana	Sales
Defy (Namibia) (Proprietary) Limited ("Defy Namibia")	Namibia	Sales
Defy Sales East Africa Limited ("Defy East Africa")	Kenya	Sales
Defy (Swaziland) (Proprietary) Limited ("Defy Swaziland")	Swaziland	Sales

KOÇ HOLDİNG A.Ş.
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FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Consumer Durables Sector

Subsidiaries	Country of incorporation	Nature of business
DEL Electronics (Pvt.) Ltd. ("DEL")	Pakistan	Sales
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Sales
Grundig Intermedia Ges.m.b.H ("Grundig Austria") [3]	Austria	-
Grundig Multimedia A.G. ("Grundig Switzerland")	Switzerland	Sales
Grundig Multimedia B.V. ("Grundig Multimedia")	The Netherlands	Holding
Grundig Nordic AB. ("Grundig Sweden")	Sweden	Sales
Grundig Nordic AB Finland Branch of Nordic AB ("Grundig Finland")	Finland	Sales
Grundig Nordic No AS ("Grundig Norway")	Norway	Sales
Grundig Nordic Denmark Branch of Grundig Nordic AS ("Grundig Denmark")	Denmark	Sales
Grundig Portuguesa Lda ("Grundig Portugal") [3]	Portugal	-
Pan Asia Private Equity Ltd. ("Pan Asia")	British Virgin Islands	Holding
PT Arçelik Hitachi Home Appliances Sales Indonesia ("Arçelik Hitachi Indonesia") [1]	Indonesia	Sales
PT Home Appliances Indonesia ("PT Home")	Indonesia	Sales
Retail Holdings Bhold B.V. ("Retail Holdings")	The Netherlands	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales
Singer Bangladesh Limited ("Singer Bangladesh")	Bangladesh	Production/Sales
United Refrigeration Industries Ltd. ("United Refrigeration")	Pakistan	Production/Sales
Vietbeko Limited Liability Company ("Vietbeko")	Vietnam	Sales
Wat Motor San. ve Tic. A.Ş. ("Wat Motor")	Turkey	Production/Sales

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Arçelik-LG Klima San. ve Tic. A.Ş. ("Arçelik LG")	LG Electronics Inc.	Turkey	Air Conditioner Production
VoltBek Home Appliances Private Limited ("VoltBek")	Tata Group	India	Production/Sales

(1) Acquired by Arçelik on 1 July 2021 and included in the scope of consolidation (Note 3).

(2) Acquired by Arçelik on 30 June 2021 and included in the scope of consolidation (Note 3). The title of Whirlpool Beyaz Eşya Sanayi ve Ticaret A.Ş. was changed and registered as Arçelik Üretim ve Teknoloji A.Ş. on 1 October 2021.

(3) Non-operational companies as of the balance sheet date.

International Appliances Limited ("International Appliances") merged with Singer Bangladesh in 2021.

Finance Sector

Subsidiaries	incorporation	Country of business	Nature of business
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")		Turkey	Holding
Koç Finansman A.Ş. ("Koç Finansman")		Turkey	Consumer Finance
Stiching Custody Services YKB ("Stiching Custody")		The Netherlands	Custody
Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaycan")		Azerbaijan	Banking
Yapı Kredi Bankası Nederland N.V. ("Yapı Kredi Nederland")		The Netherlands	Banking
Yapı Kredi Bankası Malta Ltd. ("Yapı Kredi Malta") [1]		Malta	Banking
Yapı Kredi Diversified Payment Rights Finance Company ("Yapı Kredi SPC") [2]		Cayman Islands	Special Purpose
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")		Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")		Turkey	Leasing
Yapı Kredi Holding B.V. ("Yapı Kredi Holding")		The Netherlands	Financial Consulting
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")		Turkey	Portfolio Management
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")		Turkey	Brokerage
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")		Turkey	Banking

KOÇ HOLDİNG A.Ş.
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FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Associates	Country of incorporation	Nature of business
Allianz Yaşam ve Emeklilik A.Ş. ("Allianz Emeklilik")	Turkey	Insurance
Banque de Commerce et de Placements S.A. ("Banque de Commerce")	Switzerland	Banking

(1) In the process of liquidation.

(2) Although Yapı Kredi Bankası has no shareholding interest, the special purpose company established for securitisation transactions is included in the scope of consolidation.

Sale of shares constituting 30,45% of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. ("Yapı Kredi Koray") capital, previously held by Yapı ve Kredi Bankası A.Ş. to Koray Gayrimenkul ve Yatırım A.Ş., was completed on 17 May 2021.

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 Çözüm 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.	The Netherlands	Investment
KoçSistem Bilgi ve İletişim Hizmetleri A.Ş. ("KoçSistem")	Turkey	Technology
KoçSistem Azerbaijan LLC ("KoçSistem Azerbaycan")	Azerbaijan	Technology
Koç Yapı Malzemeleri Ticaret A.Ş. ("Koç Yapı Malzeme")	Turkey	Trading
Marmaris Altınyunus Turistik Tesisleri A.Ş. ("Mares")	Turkey	Tourism
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign Trade
RMK Marine Gemi Yapım Sanayi ve Deniz Taş. İşl. A.Ş. ("RMK Marine")	Turkey	Ship Construction
Setur Antalya Marina İşletmeciliği A.Ş. ("Antalya Marina")	Turkey	Tourism
Setur Servis Turistik A.Ş. ("Setur")	Turkey	Tourism
Setur Yalova Marina İşletmeciliği A.Ş. ("Yalova Marina")	Turkey	Tourism
Tat Gıda Sanayi A.Ş. ("Tat Gıda")	Turkey	Food
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")	Turkey	Tourism
Token Finansal Teknolojiler A.Ş. ("Token")	Turkey	Information Technologies
Token Ödeme Hizmetleri ve Elektronik Para A.Ş. ("Token Ödeme Hizmetleri")	Turkey	Payment Services
Token International Holdings B.V. ("Token International")	The Netherlands	Holding
Token Payment Services SRL ("Token Payment")	Romania	Payment Services
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer Ticaret")	Turkey	Trading

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Ingage Dijital Pazarlama Hizmetleri A.Ş. ("Ingage")	Russell Square Holding	Turkey	Digital Marketing
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market")	Kingfisher Plc	Turkey	Retail
Makmarin Kaş Marina İşl. Turizm ve Tic. A.Ş. ("Kaş Marina")	Makyol İnşaat	Turkey	Tourism
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Torunlar GYO A.Ş.	Turkey	Tourism

For the purpose of segment presentation in these consolidated financial statements; Koç Holding's stand-alone financial statements have been included in the "Other" segment (Note 4).

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1. Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

The accompanying consolidated financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Koç Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance, banking law, accounting principles and instructions promulgated by the Banking Regulation and the Supervision Agency ("BRSA") and TFRS together with notes and explanations related to the accounting and financial reporting standards issued by POA in case of no specific regulations have been introduced by these institutions. Foreign Subsidiaries, Joint Ventures and Associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognised in business combinations. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

2.1.2 Comparatives and adjustment of prior periods' financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

2.1.3 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the consolidated balance sheet prepared in accordance with the TFRS have been translated from TL, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT effective as of 31 December 2021 of TL14,6823 = EUR1 and TL12,9775 = USD1, respectively and EUR and USD amounts shown in the consolidated statements of income, comprehensive income and cash flow have been translated from TL, as a matter of arithmetic computation only, at the average EUR and USD bid rates calculated from the official daily bid rates announced by the CBRT for the year ended 31 December 2021 of TL10,4687 = EUR1 and TL8,8854 = 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 2021 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2020 except for the new and amended TFRS standards which are valid as of 1 January 2021 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2021:

- TFRS 7 and TFRS 16 - "Interest Rate Benchmark Reform Phase 2"
- Deferral of TFRS 9

These amendments did not have significant impact on the financial position or performance of the Group.

Standards and amendments that are issued but not effective as of 31 December 2021:

- TFRS 16 - "Leases - COVID 19 Related Rent Concessions (Amendments)"
- TAS 1 - "Presentation of Financial Statements on Classification of Liabilities (Amendments)"
- Annual improvements and amendments on TFRSs - TFRS 3, TAS 16, TAS 37, TFRS 1, TFRS 9, TAS 41 and TFRS 16
- TAS 1 "Practice statement 2" and narrow scope amendments on TAS 8
- TAS 12 "Deferred tax related to assets and liabilities arising from a single transaction (Amendments)"

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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/or by certain Koç Family members and companies owned by them whereby Koç Holding exercises control over the ownership interest of the shares held by them and shares to be used according to Koç Holding preferences; or (b) although not having the power to exercise more than 50% of the ownership interest, Koç Holding has power to control the investee due to the dispersed capital structure of the investee and/or Koç Holding has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Koç Holding in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries included in the scope of the consolidation and their effective interests (%):

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Subsidiaries	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Akpa	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Anadoluhisarı Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Antalya Marina (1)	59,71	61,06	100,00	100,00	-	-	100,00	100,00
Arch R&D (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Arctic (2)	41,47	39,23	96,72	96,72	-	-	96,72	96,72
Arcwaste (2)	41,47	39,23	96,72	96,72	-	-	96,72	96,72
Arçelik (2)	42,87	40,56	45,95	40,56	11,42	11,42	57,37	51,98
Arçelik Hitachi (3)	25,72	-	60,00	-	-	-	60,00	-
Arçelik Hitachi China (3)	25,72	-	100,00	-	-	-	100,00	-
Arçelik Hitachi Dubai (3)	25,72	-	100,00	-	-	-	100,00	-
Arçelik Hitachi Hong Kong (3)	25,72	-	100,00	-	-	-	100,00	-
Arçelik Hitachi Indonesia (3)	17,36	-	67,50	-	-	-	67,50	-
Arçelik Hitachi Malaysia (3)	25,72	-	100,00	-	-	-	100,00	-
Arçelik Hitachi Sales Thailand(3)	25,72	-	100,00	-	-	-	100,00	-
Arçelik Hitachi Shanghai (3)	24,44	-	95,00	-	-	-	95,00	-
Arçelik Hitachi Singapore (3)	25,72	-	100,00	-	-	-	100,00	-
Arçelik Hitachi Taiwan (3)	25,72	-	100,00	-	-	-	100,00	-
Arçelik Hitachi Thailand (3)	21,62	-	84,07	-	-	-	84,07	-
Arçelik Hitachi Vietnam (3)	25,72	-	100,00	-	-	-	100,00	-

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Subsidiaries	2021	2020	2021	2020	2021	2020	2021	2020
Arçelik Pazarlama (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Arçelik Üretim ve Teknoloji (4)	42,87	-	100,00	-	-	-	100,00	-
Ardutch (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Ardutch Taiwan (2)	42,87	40,56	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 (1)	60,17	48,73	95,57	95,57	4,43	4,43	100,00	100,00
Bakırköy Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Bal Kaynak Su	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Beko APAC (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Australia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Balkans (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Central Asia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Cesko (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko China (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Croatia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Czech (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Deutschland (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Egypt (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Espana (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko France (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Grundig Schweiz (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Gulf (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Hong Kong (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Indonesia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Ireland (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Israel (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Italy (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Malaysia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Morocco (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko New Zealand (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Philippines (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Polska (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Portugal (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Russia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Shanghai (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Slovakia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Thailand (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko UK (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko Ukraine (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beko US (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Beykoz Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Bilkom	82,28	82,28	99,94	99,94	0,06	0,06	100,00	100,00
Çengelköy Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
DEL (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
DPL (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Defy (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Defy Botswana (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Defy East Africa (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Defy Namibia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Defy Swaziland (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Ditaş	34,95	34,95	80,00	80,00	-	-	80,00	80,00
Divan	30,15	30,15	43,73	43,73	56,27	56,27	100,00	100,00
Düzey	31,73	31,73	32,36	32,36	61,33	61,33	93,68	93,68
Elektra Bregenz (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Eltek	69,80	69,80	100,00	100,00	-	-	100,00	100,00

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Subsidiaries	2021	2020	2021	2020	2021	2020	2021	2020
Enerji Yatırımları	85,68	85,68	98,50	98,50	-	-	98,50	98,50
Enspire Enerji (5)	69,80	-	100,00	-	-	-	100,00	-
Entegart (2)	70,39	70,34	100,00	100,00	-	-	100,00	100,00
Entek	69,80	69,80	99,23	99,23	-	-	99,23	99,23
Göztepe Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Grundig Austria (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Grundig Denmark (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Grundig Finland (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Grundig Multimedia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Grundig Norway (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Grundig Portugal (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Grundig Sweden (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Grundig Switzerland (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
International Appliances (6)	-	23,11	-	100,00	-	-	-	100,00
Kadıköy Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Kandilli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Karaköy Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Karşıyaka Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Kartal Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Koç Bilgi ve Savunma (2,7)	60,17	60,00	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 (2)	65,84	64,75	94,50	94,50	5,50	5,50	100,00	100,00
Koç Investments B.V. (12)	55,00	-	55,00	-	45,00	-	100,00	-
KoçDigital (7)	41,15	41,14	100,00	100,00	-	-	100,00	100,00
KoçSistem (7)	41,15	41,14	41,18	41,18	53,17	53,17	94,35	94,35
KoçSistem Azerbaycan (7)	41,15	41,14	100,00	100,00	-	-	100,00	100,00
Koç Yapı Malzeme (7)	45,93	45,18	45,93	45,18	47,62	47,62	93,55	92,81
Körfez	43,70	43,70	100,00	100,00	-	-	100,00	100,00
Kuleli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Kuzguncuk Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Maltepe Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Mares	38,64	38,64	41,54	41,54	33,46	33,46	75,00	75,00
Menzelet Kılavuzlu Elektrik	69,80	69,80	100,00	100,00	-	-	100,00	100,00
Olympic	57,30	57,30	100,00	100,00	-	-	100,00	100,00
Otokar (8)	44,90	44,90	44,92	44,92	2,70	2,70	47,62	47,62
Otokar Europe	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar Europe Filiala	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar Land Systems	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokoç	96,42	96,42	96,57	96,57	3,43	3,43	100,00	100,00
Otokoç Azerbaycan	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Holland	57,30	57,30	59,43	59,43	-	-	59,43	59,43
Otokoç Hungary	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Sigorta (7)	48,23	48,22	50,02	50,02	49,98	49,98	100,00	100,00
Otoyol (9)	-	53,95	-	53,95	-	10,18	-	64,13
Pan Asia (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Pendik Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
PT Home (2)	28,72	27,17	67,00	67,00	-	-	67,00	67,00
Ram Dış Ticaret (2)	58,50	57,72	83,45	83,45	14,66	14,66	98,11	98,11
Retail Holdings (2)	42,87	40,56	100,00	100,00	-	-	100,00	100,00
RMK Marine (1)	56,24	56,59	66,84	66,84	33,16	33,16	100,00	100,00
Salacak Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Sarıyer Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Sendeo (10)	67,38	40,68	100,00	100,00	-	-	100,00	100,00
Setur	46,68	46,68	81,13	81,13	18,87	18,87	100,00	100,00
Singer Bangladesh (2)	24,43	23,11	56,99	56,99	-	-	56,99	56,99
Stiching Custody	44,49	44,49	100,00	100,00	-	-	100,00	100,00
Süloğlu Elektrik (5)	69,80	-	100,00	-	-	-	100,00	-

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Subsidiaries	2021	2020	2021	2020	2021	2020	2021	2020
T Damla Denizcilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Tat Gıda [2]	43,83	43,82	44,07	44,07	7,12	7,12	51,19	51,19
Tek-Art Marina [1]	59,71	61,06	89,27	88,16	10,73	11,84	100,00	100,00
Token	54,44	54,44	54,44	54,44	45,56	45,56	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	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Tüpraş	43,70	43,70	51,00	51,00	-	-	51,00	51,00
Tüpraş Trading	43,70	43,70	100,00	100,00	-	-	100,00	100,00
United Refrigeration [2]	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Üsküdar Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Vietbeko [2]	42,87	40,56	100,00	100,00	-	-	100,00	100,00
Wat Motor [11]	55,00	40,56	100,00	100,00	-	-	100,00	100,00
Yalova Marina [1]	59,73	47,50	100,00	100,00	0,00	0,00	100,00	100,00
Yapı Kredi Azerbaycan	44,49	44,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Bankası [8]	44,49	44,49	49,97	49,97	-	-	49,97	49,97
Yapı Kredi Faktoring	44,48	44,48	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Fin.Kiralama	44,49	44,49	99,99	99,99	-	-	99,99	99,99
Yapı Kredi Holding	44,49	44,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Malta	44,49	44,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Menkul	44,48	44,48	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Nederland	44,49	44,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Portföy	44,47	44,47	100,00	100,00	-	-	100,00	100,00
Zer Ticaret	39,54	39,54	39,54	39,54	60,11	60,11	99,65	99,65

1) Through partial demerger in Setur, shares of Ayvalık Marina and Yalova Marina held by Setur were transferred to Tek-Art Marina and new shares issued through the capital increase in Tek-Art Marina were given to Setur. As a result of these transactions, the effective ownership interest rate of Koç Holding has changed in the related companies.

2) Koç Holding's effective ownership interest rate has changed following the Arçelik's purchase of shares constituting 5,39% of Arçelik's share capital within the scope of the share buyback program.

3) Acquired by Arçelik on 1 July 2021 and included in the scope of consolidation (Note 3).

4) Acquired by Arçelik on 30 June 2021 and included in the scope of consolidation (Note 3). The title of Whirlpool Beyaz Eşya Sanayi ve Ticaret A.Ş. was changed and registered as Arçelik Üretim ve Teknoloji A.Ş. on 1 October 2021.

5) Acquired by Entek on 4 August 2021 and included in the scope of consolidation (Note 3). The titles of Steag Turkey Enerji Yatırımları ve Hizmetleri A.Ş. and Steag Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş. were changed and registered as Enspire Enerji Yatırımları ve Hizmetleri A.Ş. and Süloğlu Elektrik Üretimi A.Ş. on 30 November 2021, respectively.

6) International Appliances Limited merged with Singer Bangladesh in 2021.

7) Koç Holding's effective ownership interest rate has changed following the acquisition of 0,75% of Koç Yapı Malzeme shares from non-controlling interests.

8) 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.

9) Liquidation process of Tasfiye Halinde Otoyol Sanayi A.Ş. was completed on 20 January 2021.

10) Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of 45% of Aygaz Aykargo Dağıtım Hizmetleri A.Ş. shares on 3 August 2021, whose 100% capital was previously owned by Aygaz A.Ş. The title of Aygaz Aykargo Dağıtım Hizmetleri A.Ş. was changed and registered as "Sendeo Dağıtım Hizmetleri A.Ş." on 2 September 2021.

11) Koç Holding's effective ownership interest rate has changed following the sale of Arçelik shares constituting 100% of Wat Motor's share capital to Koç Investments B.V. on 30 November 2021.

12) Established in 2021.

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and one or more other parties. Koç Holding exercises such joint control through direct and indirect voting rights related to the shares held by itself and/or through the voting rights related to the shares held by Koç Family members and the companies owned by them.

"TFRS 11 Joint Arrangements", requires the application of the equity method for the consolidation of interests in joint ventures in accordance with "TAS 28 Investments in Associates and Joint Ventures".

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 (%):

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Joint Ventures	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Al Jasoor	22,00	22,00	49,00	49,00	-	-	49,00	49,00
Arçelik LG Klima (1)	24,29	23,25	50,00	50,00	-	-	50,00	50,00
Ayas Enerji	34,90	34,90	50,00	50,00	-	-	50,00	50,00
Fer-Mas	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Fiat Finans	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Ford Otosan	38,65	38,65	38,65	38,65	0,67	0,67	39,32	39,32
Güney Tankercilik	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Ingage	19,70	19,70	19,70	19,70	30,07	30,07	49,77	49,77
Kaş Marina (2)	29,85	30,53	50,00	50,00	-	-	50,00	50,00
Koçtaş Yapı Market (3)	42,99	42,90	49,92	49,92	0,08	0,08	50,00	50,00
Kuzey Tankercilik	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Netsel (2)	32,84	33,58	55,00	55,00	-	-	55,00	55,00
Opet	18,00	18,00	41,33	41,33	8,67	8,67	50,00	50,00
Opet Aygaz Gayrimenkul	29,34	29,34	50,00	50,00	-	-	50,00	50,00
Opet Fuchs	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Opet International	18,00	18,00	50,00	50,00	-	-	50,00	50,00
Opet Market ve Akaryakıt	18,00	18,00	50,00	50,00	-	-	50,00	50,00
Opet Trade BV	18,00	18,00	50,00	50,00	-	-	50,00	50,00
Opet Trade Singapore	18,00	18,00	50,00	50,00	-	-	50,00	50,00
THY Opet	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Tofaş	37,59	37,59	37,59	37,59	0,27	0,27	37,86	37,86
Türk Traktör	37,50	37,50	37,50	37,50	-	-	37,50	37,50
United LPG (4)	20,34	-	50,00	-	-	-	50,00	-
VoltBek (1)	22,01	20,87	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Koray (5)	-	13,55	-	30,45	-	-	-	30,45

(1) Koç Holding's effective ownership interest rate has changed following the Arçelik's purchase of shares constituting 5,39% of Arçelik's share capital within the scope of the share buyback program.

(2) Through partial demerger in Setur, shares of Ayvalık Marina and Yalova Marina held by Setur were transferred to Tek-Art Marina and new shares issued through the capital increase in Tek-Art Marina were given to Setur. As a result of these transactions, the effective ownership interest rate of Koç Holding has changed in the related companies.

(3) Koç Holding's effective ownership interest rate has changed following the acquisition of 0,75% of Koç Yapı Malzeme shares from non-controlling interests.

(4) Aygaz acquired 50% of United LPG shares in 2021.

(5) Sale of shares constituting 30,45% of Yapı Kredi Koray capital, previously held by Yapı ve Kredi Bankası A.Ş. to Koray Gayrimenkul ve Yatırım A.Ş., was completed on 17 May 2021.

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

d) Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Voting rights of the Associates and their effective interests (%):

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Associates	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Allianz Emeklilik	8,90	8,90	20,00	20,00	-	-	20,00	20,00
Banque de Commerce	13,64	13,64	30,67	30,67	-	-	30,67	30,67

e) Financial assets in which the Group together with Koç Family members, has ownership interests below 20%, or over 20% but which the Group and Koç family members does not exercise a significant influence or which are not exposed to significant influence of variable returns or which are immaterial are classified as financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income in the consolidated financial statements.

f) Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests". Certain Koç Family members and companies controlled by them have interests in the share capital of certain subsidiaries. In the consolidated financial statements, these interests of Koç Family members and companies controlled by them are treated as non-controlling interests and are not included in the Group's net assets and profits attributable to the equity holders of the parent.

2.4.2 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The sectors reported under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment; hence they have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, should be 10 percent or more of the combined revenue, internal and external, of all internal and external operating segments; the absolute amount of its reported profit or loss should be 10 percent or more of the combined profit or loss or its total assets should be 10 percent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

The financial information of the Group's Joint Ventures shall not be consolidated by using the proportionate consolidation method in accordance with "TFRS 11, Joint Arrangements". Therefore, in the case that segment reporting is prepared based on the equity method set in "TFRS 11, Joint Arrangements", major financial information of Joint Ventures, except for net profit for the period, such as revenue, operating profit and profit before tax shall not be included in the related segment results.

The operations of Joint Ventures and their impacts on the financial results of the Group and the related segment are continued to be monitored in detail by the chief operating decision maker of the Group. Therefore, segment reporting of Joint Ventures has not been prepared based on the equity method set by the "TFRS 11, Joint Arrangements"; rather, the financial information of Joint Ventures has been included in segment results by full consolidation method (as 100%) within the framework of new segment reporting approach. The Group defines this segment reporting information prepared in conformity with this new approach as "combined financial information".

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.3 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Subsidiaries, Joint Ventures and Associates of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TL, which is Koç Holding’s functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under “other operating income/expenses” whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under “financial income/expenses” in the consolidated income statement. Foreign exchange gains and losses resulting from monetary assets and liabilities denominated in foreign currencies of the Group companies operating in the finance sector, have been classified under “revenue/cost of finance sector operations” in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign subsidiaries, joint ventures and associates

The assets and liabilities, presented in the financial statements of the foreign Subsidiaries, Joint Ventures and Associates prepared in accordance with the Group’s accounting policies, are translated into TL at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity.

2.4.4 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”.

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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.

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financial asset categories

"Financial assets measured at amortised cost" are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents", "trade receivables", "debt securities" and "receivables from finance sector operations". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income" are either equity securities or debt securities that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as financial assets at fair value through profit or loss. The Group measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

"Financial assets at fair value through profit or loss" are assets that are not measured at amortised cost or at fair value through other comprehensive income. Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Gains and losses resulting from the valuation of these assets are accounted in the consolidated statement of income.

2.4.7 Repurchase and resale transactions

Funds attributed to financial assets as reverse repo are recorded as receivables from reverse repo under cash and cash equivalents in the consolidated financial statements. A rediscount income is calculated by using the internal discount rate method for the current year portion of the difference between the sale and purchase price of these reverse repo agreements and accounted by adding to the cost of the reverse repo.

2.4.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held in banks with maturities of 3 months or less, government bonds/treasury bills with original maturities of 3 months or less, other short-term liquid investments and blocked deposits. Group evaluates its cash and cash equivalents in accordance with expected credit loss model for impairment.

2.4.9 Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

The Group collects a part of its receivables through factoring. The amounts that the factoring company takes the risk of collection are deducted from the related receivables accounts. The amount that the Group's collection risk continues are presented in the consolidated financial statements and the amount received from the factoring company in exchange of those receivables is classified as factoring payables under the "Borrowings" account in the consolidated financial statements. Factoring transactions do not change the "hold to collect" business model of the Group as long as only short-term receivables are factored and / or factoring transactions are not frequent.

Impairment

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

Group uses a provision matrix for the calculation of the expected credit losses on trade receivables which is based on past experience and future expectations. The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period. The changes in the expected credit losses on trade receivables are accounted for under "other operating income/expenses" account of the consolidated statement of income.

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.10 Receivables from finance sector operations

Financial assets generated as a result of lending money or providing a loan are classified as receivables from finance sector operations and are carried at amortised cost, less any impairment. All loans and advances are recognised in the consolidated financial statements when cash is transferred to customers.

Impairment

Group has adopted "three stage approach (general model)" defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost or carried at fair value through other comprehensive income. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

"Stage 1", includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("'ECL'") are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

"Stage 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

"Stage 3", includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements.

The changes in the expected credit losses on receivables from finance sector operations are accounted for under "other operating income/expenses" account of the consolidated statement of income.

2.4.11 Credit finance income/expenses

Credit finance income/expenses represent imputed finance charges on credit sales and purchases. Such income and expenses are recognised using the effective yield method over the period of credit sales and purchases within the materiality principle and classified under "other operating income/expenses" in the consolidated statement of income.

2.4.12 Inventories

Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories is determined by the weighted average method. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.4.13 Assets used in operational lease

Assets used in operational lease include the motor vehicles of Otokoç, a Subsidiary of the Group, resourced in rent a car service. The Group classifies the assets, used in operating leases and owned to be leased for over one year, as "property, plant and equipment"; and classifies the assets owned to be leased for shorter than one year and expected to be disposed at the end of related leasing period in the ordinary business of Otokoç, as "other current assets". The difference between the cost and the estimated second-hand sales price of the related assets is depreciated on a straight-line basis over the duration of rent contracts. The assets used in operating lease are transferred to inventories based on their remaining net carrying values when they are decided to be sold at the end of their leasing period.

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2.4.14 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives, ranging from 3-50 years.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

2.4.15 Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	5 - 50 years
Land improvements	3 - 50 years
Machinery and equipment	3 - 50 years
Furniture and fixtures	2 - 50 years
Motor vehicles	3 - 25 years
Leasehold improvements	3 - 10 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

2.4.16 Intangible assets and related amortisation

Intangible assets comprise usage rights, brands, development costs, information systems, customer relationships, generation licences and other identified rights. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Cost of an intangible asset acquired by a business combination is its fair value at the acquisition date. Intangible assets with indefinite useful lives are not amortised, however are tested for impairment annually. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Rights	4 - 15 years
Brands	Indefinite useful life
Development costs	2 - 10 years
Customer relationships	8 - 50 years
Other intangible assets	5 - 40 years

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2.4.17 Leases

Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.

Group has the right to direct the use of the asset throughout the period of use only if either:

a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
b) Relevant decisions about how and for what purpose the asset is used are predetermined:
   i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
   ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) The amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group, and
d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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After the commencement date, Group measures the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability,

b) Reducing the carrying amount to reflect the lease payments made, and

c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Options to extend and terminate

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. The majority of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

Group - as a lessor

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

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".

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Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

2.4.19 Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the balance sheet date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax asset for all deductible temporary differences arising from investments in Subsidiaries, only to the extent that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority with the condition of being same taxpayer entity and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

2.4.20 Financial liabilities

Financial liabilities are measured initially at fair value. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are excluded from the balance sheet when the obligation specified in the contract is fulfilled, cancelled 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.

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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 20th temporary article of the Social Security Law numbered 506. The technical financial statements of the Fund are audited in accordance with Article 38 of the Insurance Supervision Law and with "Regulation regarding the Actuaries" by a registered independent actuary.

Paragraph one of temporary article 23 of the Banking Act published in the Official Gazette dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years of the published date of the article. Law article related to the transfer was cancelled by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article was suspended from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, numbered 26371. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force. With the New Law, the pension funds of the banks are transferred to the SSI in three years from the issuance date of the related article and this period can be extended for maximum two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated 9 April 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated 8 March 2012, Council of Ministers was authorised to increase the two year extension period to four years. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the date of the transfer. The Council of Ministers was authorised to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. The President was authorised to determine the transfer date of pension funds in accordance with the Official Gazette dated 9 July 2018 and numbered 30473.

Under the New Law, a committee is decided to be formed, whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organisation, BRSA and Saving Deposit Insurance Fund ("SDIF") representing the Fund and one member representing the Fund members. This committee is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration the income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, the social rights and payments of Fund members and their beneficiaries, which are not provided although they are included in the Fund Title Deed, will be provided by the Fund and the employers of the Fund members.

Yapı Kredi Bankası accounts for a provision for the technical deficit based on the report prepared by a registered actuary with the rates determined by the New Law and in accordance with "TAS 19 - Employee Benefits" standard. As a result of this, service and interest costs incurred in the change of provision for the pension fund are recognised in the income statement and actuarial gains and losses are recognised under equity.

c) Defined contribution plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

d) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

2.4.23 Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.4.24 Revenue recognition

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

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)

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 cancelled and not recorded as income until the collection is made. Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognised either in the period when the transaction is realised or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realisation.

2.4.25 Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.26 Dividends

Dividend income is recognised by the Group at the date the right to collect the dividend is realised. Dividend payables are recognised as liability in the consolidated financial statements following the approval of the general assembly.

2.4.27 Research and development costs

Research costs are recognised and expensed in the income statement in the period in which they are incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense cannot be recognised as an asset in subsequent periods. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over their estimated useful lives (2-10 years).

2.4.28 Warranty provisions

Warranty provisions are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period.

2.4.29 Government grants

Government grants along with investment, research and development grants are accounted on accrual basis with their fair values when the application of grants is approved. These grants are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets. Government grants allowing reduced corporate tax practice are evaluated within the scope of TAS 12 "Income Taxes" standard (Note 2.4.19).

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.

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised using a recalculated effective interest rate.

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "gains/(losses) on cash flow hedges". Where the forecasted transaction or firm commitment results in

the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

2.4.32 Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

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 the equity. Gain or loss is not recognised in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group companies and the amounts received or paid for these transactions are recognised directly in the 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.

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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 2021 (Note 15 and 16).

Recoverability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered (Note 19).

Pension fund

Within the scope of pension fund provision of Yapı Kredi Bankası, a Subsidiary of the Group, which is detailed in Note 2.4.22, the present value of funded obligations is calculated by taking into account the discount rate, mortality rate and medical benefits stated in the New Law and related assumptions are explained in Note 20.

Impairment on receivables from finance sector 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.

<u>Significant increase in credit risk</u>

In the assessment of significant increase in credit risk quantitative and qualitative assessments are made.

<u>Qualitative Assessment:</u>

As a result of quantitative assessment, related financial asset is classified as Stage 2 (significant increase in credit risk) when any of the following criteria are satisfied.

As of reporting date;

- Lifetime expected credit losses shall be recognised on a transaction base, when a past due status is reached. The Group can abandon this estimation only if it has positive, reasonable and supportable information available regarding the client's repayment.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on unindemnified non-cash loans are evaluated as significant increase in credit risk.

<u>Quantitative assessment:</u>

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.

<u>Forward-looking macroeconomic information</u>

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, Foreign Trade Balance and Housing Price Index. When expected credit losses are estimated in accordance with the forward-looking macroeconomic information, the Group evaluates three scenarios (base, pessimistic and optimistic) with different weights. Each of these three scenarios is associated with different probability of default risk.

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

NOTE 3 - BUSINESS COMBINATIONS

i) Arçelik, a Subsidiary of the Group, acquired all the shares of Whirlpool Beyaz Eşya Sanayi ve Ticaret A.Ş. (currently Arçelik Üretim ve Teknoloji A.Ş.) on 30 June 2021.

Arçelik Üretim ve Teknoloji manufactures washing machines and cooling units in two production facilities under the Whirlpool brand. As a result of this acquisition, Arçelik's cooling unit and washing machine production capacity is expected to increase by approximately 20%.

The purchase price of TL811,5 million in the share transfer agreement which was paid at the date of the transaction has been recalculated due to changes in the amount of net assets acquired excluding property, plant and equipment resulting from the audit of the closing balance sheet dated 30 June 2021 and additional TL5,2 million was paid on 22 October 2021. As a result of the assessments made, contingent consideration amount, which is likely to be paid regarding to the collection or offsetting expectation of VAT receivables in the closing balance sheet of Arçelik Üretim ve Teknoloji until 2023, is included in the consideration amount and has been considered in the goodwill calculation. The contingent consideration has been calculated as TL94,7 million according to the best estimates of Arçelik management as of 31 December 2021. The maturity of the related amount is expected to be less than one year and the impact of the net present value calculation is insignificant. In accordance with TFRS 3, the differences that will arise in the contingent payment amount due to the operational results in the following periods, will be accounted for under the consolidated statement of income.

The difference between total consideration amount and net assets acquired has been accounted in accordance with TFRS 3, "Business Combinations".

The details of the profit/loss calculation, total consideration amount and the net assets acquired are as follows:

Total consideration amount	911.444
- Cash consideration amount	*816.739*
- Contingent consideration amount (Note 23)	*94.705*
Net assets acquired	1.146.441
Gain on bargain purchase (Note 29)	**234.997**

The fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

Cash and cash equivalents	450.054
Trade receivables	218.279
Inventories	464.996
Other current assets	312.374
Property, plant and equipment (Note 14)	934.816
Intangible assets (Note 16)	5.154
Deferred tax assets (Note 19)	46.124
Trade and other payables	(1.090.908)
Other liabilities	(88.692)
Deferred tax liabilities (Note 19)	(105.756)
Fair value of total identifiable net assets (100%)	**1.146.441**

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The details of cash outflow due to acquisition are as follows:	
Total consideration - cash	816.739
Cash and cash equivalents - acquired	(450.054)
Cash outflow due to acquisition (net)	**366.685**

Had the financial statements of Arçelik Üretim ve Teknoloji been consolidated from 1 January 2021, Arçelik Üretim ve Teknoloji's additional contribution to consolidated revenue and net profit attributable to equity holders of the parent would have amounted to TL1.408.996 thousand and TL9.545 thousand, respectively.

ii) A share purchase agreement was signed on 16 December 2020 between Arçelik and Hitachi Global Life Solutions Inc. ("Hitachi GLS") in order to establish a partnership that Arçelik will control with the majority interest, to operate in the global home appliances market outside the Japanese market. Following the said agreement, Partnership Agreement, Master Brand Agreement and other related agreements were signed between the parties. In this context, Hitachi GLS has incorporated a new company named Hitachi Home Appliances Netherland B.V. in the Netherlands and transferred all the assets of home appliances business owned by its 11 subsidiaries to the new company. Arçelik acquired 60% of the shares of Hitachi Home Appliances Netherland B.V. ("acquired entity") as of 1 July 2021. Transaction value for 60% of the shares was determined as USD350,2 million on a cash-free and debt-free basis, including all the minority interests.

The difference between total consideration amount and net assets acquired has been accounted in accordance with TFRS 3, "Business Combinations".

The details of the goodwill calculation, total consideration amount and the net assets acquired are as follows:

Total consideration amount	3.074.608
Net assets acquired	(1.862.210)
Goodwill (Note 15)	**1.212.398**

The fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

Cash and cash equivalents	1.305.289
Trade receivables	1.216.146
Inventories	821.130
Other current assets	255.164
Financial assets (Note 7)	20.627
Property, plant and equipment (Note 14)	799.872
Intangible assets (Note 16)	1.410.678
Right of use of assets (Note 14)	49.986
Deferred tax assets (Note 19)	136.454
Trade and other payables	(2.089.958)
Financial liabilities and lease liabilities (Note 17)	(56.073)
Deferred tax liabilities (Note 19)	(295.724)
Other liabilities	(469.908)
Fair value of total identifiable net assets (100%)	**3.103.683**
Net assets acquired (corresponding to 60% of shares purchased)	**1.862.210**

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The details of cash outflow due to acquisition are as follows:

Total consideration - cash	3.074.608
Cash and cash equivalents - acquired	(1.305.289)
Cash outflow due to acquisition (net)	**1.769.319**

The fair value of the non-controlling interests has been measured by the proportionate share of the fair value of the identifiable net assets controlled.

Had the financial statements of Arçelik Hitachi been consolidated from 1 January 2021, Arçelik Hitachi’s additional contribution to consolidated revenue and net profit attributable to equity holders of the parent would have amounted to TL4.108.139 thousand and TL130.162 thousand, respectively.

iii) Entek, a Subsidiary of the Group, acquired all the shares of STEAG Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş. (currently Süloğlu Elektrik Üretimi A.Ş.) and STEAG Turkey Enerji Yatırımları ve Hizmetleri A.Ş. (currently Enspire Enerji Yatırımları ve Hizmetleri A.Ş.), which own a wind power plant with an electrical installed capacity of 60 MW, on 4 August 2021.

The difference between total consideration amount and net assets acquired has been accounted in accordance with TFRS 3, “Business Combinations”.

The details of the goodwill calculation, total consideration amount and the net assets acquired are as follows:

Total consideration amount	490.243
Net assets acquired	(489.645)
Goodwill (Note 15)	**598**

The fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

Cash and cash equivalents	56.226
Trade receivables	11.910
Other receivables	4.550
Inventories	160
Other current assets	3.032
Property, plant and equipment (Note 14)	461.935
Intangible assets (Note 16)	310.219
Borrowings (Note 17)	(228.151)
Trade payables	(6.195)
Other payables	(4.604)
Other liabilities	(2.834)
Provisions for employee benefits	(185)
Deferred tax liabilities (Note 19)	(116.418)
Fair value of total identifiable net assets (100%)	**489.645**

The details of cash outflow due to acquisition are as follows:

Total consideration - cash	490.243
Cash and cash equivalents - acquired	(56.226)
Cash outflow due to acquisition (net)	**434.017**

Had the financial statements of Süloğlu Elektrik and Enspire Enerji been consolidated from 1 January 2021, Süloğlu Elektrik and Enspire Enerji’s additional contribution to consolidated revenue and net profit attributable to equity holders of the parent would have amounted to TL68.811 thousand and TL5.866 thousand, respectively.

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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 2021 and 2020 are presented separately.

1 January - 31 December 2021	**Energy**	**Automotive**	**Consumer durables**	**Finance**	**Other**	**Total**
External revenue	190.188.280	128.214.954	74.843.054	73.063.896	13.348.334	479.658.518
Intra segment revenue	38.647.151	10.039.066	1.694.407	113.205	1.419.442	51.913.271
Inter segment revenue	713.807	760.944	351.671	336.472	10.596.846	12.759.740
Combined revenue	**229.549.238**	**139.014.964**	**76.889.132**	**73.513.573**	**25.364.622**	**544.331.529**
Combined gross profit	**21.631.648**	**25.071.451**	**21.034.670**	**30.787.838**	**4.447.723**	**102.973.330**
Operating expenses	(5.935.488)	(6.653.966)	(15.967.292)	(9.090.030)	(3.577.080)	(41.223.856)
Other operating income/(expenses) (net) (1)	428.863	(203.942)	42.247	(8.210.136)	7.733	(7.935.235)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) (2)	(12.685.647)	340.438	2.021.498	-	(154.998)	(10.478.709)
Combined operating profit	**3.439.376**	**18.553.981**	**7.131.123**	**13.487.672**	**723.378**	**43.335.530**
Gains/(losses) from investment activities (net) (3)	175.429	31.977	251.496	63	178.239	637.204
Financial income/(expenses) (net)	355.428	(2.191.185)	(3.736.122)	-	565.111	(5.006.768)
Combined profit before tax	**3.970.233**	**16.394.773**	**3.646.497**	**13.487.735**	**1.466.728**	**38.965.966**
Tax income/(expense) (net)	920.774	(434.051)	(443.125)	(3.362.785)	(254.611)	(3.573.798)
Combined net profit for the period	**4.891.007**	**15.960.722**	**3.203.372**	**10.124.950**	**1.212.117**	**35.392.168**
Net profit for the period (4)	**1.675.208**	**7.012.094**	**1.311.205**	**4.592.698**	**601.506**	**15.192.711**

(1) Provisions for loan impairment in Finance sector have been accounted for under "Other operating income/expenses" account.

(3) Includes the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sectors.

(3) Bargain purchase gain of Arçelik, a Subsidiary of the Group, arising from the acquisition of Whirlpool Beyaz Eşya Sanayi ve Ticaret A.Ş. (currently Arçelik Üretim ve Teknoloji A.Ş.) amounting to TL234.997 thousand (Note 3 and Note 29), has been accounted for under "gains/losses from investment activities" account of the Consumer Durables sector.

(4) Represents consolidated net profit attributable to the equity holders of the parent.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2020	Energy	Automotive	Consumer durables	Finance	Other	Total
External revenue	101.117.683	88.709.024	45.740.814	44.841.289	9.247.159	289.655.969
Intra segment revenue	14.278.203	9.182.720	1.154.497	61.346	1.614.874	26.291.640
Inter segment revenue	444.103	446.654	275.412	280.589	7.503.697	8.950.455
Combined revenue	**115.839.989**	**98.338.398**	**47.170.723**	**45.183.224**	**18.365.730**	**324.898.064**
Combined gross profit	**5.265.049**	**14.483.728**	**14.248.413**	**22.651.523**	**3.154.294**	**59.803.007**
Operating expenses	(4.139.469)	(4.591.957)	(10.236.678)	(7.604.021)	(2.709.788)	(29.281.913)
Other operating income/(expenses) (net) (1)	(141.556)	108.098	339.392	(8.778.098)	101.584	(8.370.580)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) (2)	(654.163)	178.633	696.037	-	(34.189)	186.318
Combined operating profit	**329.861**	**10.178.502**	**5.047.164**	**6.269.404**	**511.901**	**22.336.832**
Gains/(losses) from investment activities (net) (3)	1.749	23.456	(47.687)	23.039	3.602.215	3.602.772
Financial income/(expenses) (net)	(3.780.666)	(1.648.839)	(1.613.372)	-	(160.410)	(7.203.287)
Combined profit/(loss) before tax	**(3.449.056)**	**8.553.119**	**3.386.105**	**6.292.443**	**3.953.706**	**18.736.317**
Tax income/(expense) (net)	1.257.039	(264.833)	(651.064)	(1.635.581)	(193.594)	(1.488.033)
Combined net profit/(loss) for the period	**(2.192.017)**	**8.288.286**	**2.735.041**	**4.656.862**	**3.760.112**	**17.248.284**
Net profit/(loss) for the period (4)	**(955.633)**	**3.607.036**	**1.124.277**	**2.062.676**	**3.434.214**	**9.272.570**

(1) Provisions for loan impairment in Finance sector have been accounted for under "Other operating income/expenses" account.

(2) Includes the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sectors.

(3) Income amounting to TL2.995.339 thousand resulting from the change of control of Yapı Kredi Bankası due to the acquisition of additional 9,02% shares and termination fee income amounting to TL511.275 thousand which was paid by UniCredit S.P.A to Koç Holding and other shareholders of KFS (impact on net income attributable to equity holders of the parent: TL385.097 thousand), have been accounted for under the "gains/(losses) from investment activities" account of Other sector (Note 29).

(4) Represents consolidated net profit attributable to the equity holders of the parent.

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NOTE 4 - SEGMENT REPORTING (Continued)

	2021	2020
a) **Revenue**		
Energy	229.549.238	115.839.989
Automotive	139.014.964	98.338.398
Consumer durables	76.889.132	47.170.723
Finance	73.513.573	45.183.224
Other	25.364.622	18.365.730
Combined	**544.331.529**	**324.898.064**
Less: Joint Ventures (Note 8.d)	(182.738.918)	(130.156.469)
Less: Consolidation eliminations and adjustments	(14.903.909)	(10.964.319)
Consolidated	**346.688.702**	**183.777.276**
b) **Operating profit**		
Energy	3.439.376	329.861
Automotive	18.553.981	10.178.502
Consumer durables	7.131.123	5.047.164
Finance	13.487.672	6.269.404
Other	723.378	511.901
Combined	**43.335.530**	**22.336.832**
Less: Joint Ventures (Note 8.d)	(17.371.331)	(9.308.949)
Less: Consolidation eliminations and adjustments	2.831.129	837.361
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	5.879.657	2.966.673
Consolidated	**34.674.985**	**16.831.917**
c) **Depreciation and amortisation** (*)		
Energy	1.583.848	1.310.139
Automotive	3.547.847	2.584.900
Consumer durables	1.869.832	1.244.498
Finance	1.040.548	940.200
Other	426.046	359.777
Combined	**8.468.121**	**6.439.514**
Less: Joint Ventures (Note 8.d)	(3.064.197)	(2.275.748)
Less: Consolidation eliminations and adjustments	(118.411)	(100.207)
Consolidated	**5.285.513**	**4.063.559**

(*) Includes the depreciation expenses of right-of-use assets. As of 31 December 2021, combined depreciation expense of the right-of-use assets amounted to TL1.457.871 thousand (31 December 2020: TL1.030.478 thousand) and consolidated depreciation expense amounted to TL950.809 thousand (31 December 2020: TL728.569 thousand).

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NOTE 4 - SEGMENT REPORTING (Continued)

	2021	2020
d) Profit before tax		
Energy	3.970.233	(3.449.056)
Automotive	16.394.773	8.553.119
Consumer durables	3.646.497	3.386.105
Finance	13.487.735	6.292.443
Other	1.466.728	3.953.706
Combined	**38.965.966**	**18.736.317**
Less: Joint Ventures (Note 8.d)	(15.716.907)	(7.863.188)
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	5.879.657	2.966.673
Consolidated	**29.128.716**	**13.839.802**

	2021	2020
e) Net profit for the period		
Energy	4.891.007	(2.192.017)
Automotive	15.960.722	8.288.286
Consumer durables	3.203.372	2.735.041
Finance	10.124.950	4.656.862
Other	1.212.117	3.760.112
Combined	**35.392.168**	**17.248.284**
Less: Joint Ventures (Note 8.d)	(15.087.053)	(7.581.660)
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	5.879.657	2.966.673
Less: Non-controlling interests	(10.992.061)	(3.360.727)
Consolidated (attributable to the equity holders of the parent)	**15.192.711**	**9.272.570**

	2021	2020
f) Capital expenditures (*)		
Energy	2.342.060	1.964.485
Automotive	10.817.877	5.982.429
Consumer durables	2.604.797	1.769.433
Finance	801.694	600.252
Other	687.472	354.609
Combined	**17.253.900**	**10.671.208**
Less: Joint Ventures	(4.725.830)	(2.644.344)
Consolidated	**12.528.070**	**8.026.864**

(*) 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 2021	31 December 2020
Energy	119.768.964	73.353.329
Automotive	100.125.326	67.565.730
Consumer durables	90.677.467	48.705.248
Finance	788.430.081	494.544.203
Other	45.484.965	32.607.126
Combined	**1.144.486.803**	**716.775.636**
Less: Joint Ventures (Note 8.d)	(94.662.532)	(62.560.872)
Add: Carrying values of Joint Ventures and associates (Note 8.a)	12.135.290	8.367.140
Less: Eliminations	(41.406.254)	(32.481.360)
Consolidated	**1.020.553.307**	**630.100.544**

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2021			31 December 2020		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Cash in hand	12.884.224	14.195	12.898.419	6.056.965	5.955	6.062.920
Cheques received	91	126.371	126.462	31	83.672	83.703
Banks						
- Demand deposits	24.221.958	6.312.107	30.534.065	10.848.518	2.170.692	13.019.210
- Time deposits	13.762.735	34.315.120	48.077.855	8.364.924	30.893.850	39.258.774
- Reverse repo receivables	1.805.565	-	1.805.565	1.696.865	-	1.696.865
Other	-	406.948	406.948	-	239.329	239.329
	52.674.573	**41.174.741**	**93.849.314**	**26.967.303**	**33.393.498**	**60.360.801**

As of 31 December 2021, total blocked deposits amounted to TL4.325.257 thousand (31 December 2020: TL2.214.489 thousand). As of 31 December 2021, TL2.720.305 thousand (31 December 2020: TL2.214.489 thousand) 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.

Group companies operating in Non-Finance sectors have cash and cash equivalent balances amounting to TL22.177.830 thousand held at Yapı Kredi Bankası and eliminated during the preparation of consolidated financial statements (31 December 2020: TL15.324.156 thousand).

NOT 6 - BALANCES WITH THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

	31 December 2021	31 December 2020
Balances with the Central Bank of the Republic of Turkey	103.245.309	48.972.272
- Required reserves (*)	48.051.207	22.519.808
- Free deposits	55.194.102	26.452.464
	103.245.309	**48.972.272**

(*) 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 2021, the ratios for TL reserves are between 3% and 8% (31 December 2020: 1% and 6%) and the ratios for foreign currency reserves are between 5% and 26% (31 December 2020: 5% and 21%) for deposits and other liabilities depending on their maturity structures.

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NOTE 7 - FINANCIAL ASSETS

	31 December 2021			31 December 2020		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets measured at fair value through profit or loss	802.354	379.707	1.182.061	676.762	130.378	807.140
Financial assets measured at fair value through other comprehensive income	10.272.138	25.063.928	35.336.066	4.000.489	21.478.197	25.478.686
Financial assets measured at amortised cost	3.408.320	92.711.298	96.119.618	1.449.392	51.563.137	53.012.529
	14.482.812	**118.154.933**	**132.637.745**	**6.126.643**	**73.171.712**	**79.298.355**

a) Financial assets measured at fair value through profit or loss

	31 December 2021			31 December 2020		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Debt securities:						
Government bonds	211.114	-	211.114	276.735	-	276.735
	211.114	-	211.114	276.735	-	276.735
Equity securities:						
Listed	362.794	-	362.794	171.581	-	171.581
Unlisted	228.446	379.707	608.153	228.446	130.378	358.824
	591.240	379.707	970.947	400.027	130.378	530.405
	802.354	**379.707**	**1.182.061**	**676.762**	**130.378**	**807.140**

b) Financial assets measured at fair value through other comprehensive income

	31 December 2021			31 December 2020		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Debt securities:						
Government bonds	27.729.797	-	27.729.797	19.883.975	-	19.883.975
Eurobonds	6.022.607	-	6.022.607	3.737.019	-	3.737.019
Private sector bonds	954.108	-	954.108	1.391.365	-	1.391.365
	34.706.512	-	34.706.512	25.012.359		25.012.359
Equity securities:						
Listed	-	484.407	484.407	-	374.700	374.700
Unlisted	93.324	51.823	145.147	91.627	-	91.627
	93.324	536.230	629.554	91.627	374.700	466.327
	34.799.836	**536.230**	**35.336.066**	**25.103.986**	**374.700**	**25.478.686**

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NOTE 7 - FINANCIAL ASSETS (Continued)

The movement of financial assets at fair value through other comprehensive income is as follows:

	2021	2020
Beginning of the period - 1 January	**25.478.686**	**74.925**
Additions	8.787.761	15.375.500
Disposals / redemptions	(7.899.589)	(18.659.124)
Business combinations (Note 3)	20.627	26.422.076
Currency translation differences	4.432.338	1.449.108
Change in interest accruals	4.408.251	516.426
Fair value gains / impairment losses (net)	107.992	299.775
End of the period - 31 December	**35.336.066**	**25.478.686**

c) Financial assets measured at amortised cost

	31 December 2021			31 December 2020		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Debt securities:						
Government bonds	47.676.235	-	47.676.235	30.852.439	-	30.852.439
Eurobonds	44.130.084	-	44.130.084	20.079.499	-	20.079.499
Other	4.313.299	-	4.313.299	2.080.591	-	2.080.591
	96.119.618	**-**	**96.119.618**	**53.012.529**	**-**	**53.012.529**

The movement of financial assets measured at amortised cost is as follows:

	2021	2020
Beginning of the period - 1 January	**53.012.529**	**-**
Additions	23.581.751	20.555.734
Disposals / redemptions	(2.066.981)	(2.550.719)
Currency translation differences	15.182.646	2.584.719
Change in interest accruals	6.409.673	2.437.721
Business combinations	-	29.985.074
End of the period - 31 December	**96.119.618**	**53.012.529**

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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 2021		31 December 2020	
	%	**Amount**	**%**	**Amount**
Ford Otosan	38,65	3.954.783	38,65	2.756.689
Tofaş	37,59	2.145.456	37,59	1.666.373
Banque de Commerce	30,67	2.050.744	30,67	1.203.097
Opet	41,33	1.339.615	41,33	725.036
Türk Traktör	37,50	770.523	37,50	540.438
Allianz Emeklilik	20,00	425.657	20,00	359.544
Other		1.448.512		1.115.963
		12.135.290		**8.367.140**
Joint Ventures		9.658.889		6.804.499
Associates		2.476.401		1.562.641
		12.135.290		**8.367.140**

b) The market values (Level 1) of the listed Joint Ventures are as follows:

	31 December 2021	**31 December 2020**
Ford Otosan	83.551.671	44.214.660
Tofaş	37.850.000	16.960.000
Türk Traktör	11.954.656	9.750.516

c) The movement of Joint Ventures and associates is as follows:

	2021	**2020**
Beginning of the period - 1 January	**8.367.140**	**19.955.652**
Shares of profit/(loss)	5.879.657	2.966.673
Shares of other comprehensive income/(loss)	315.179	(309.848)
Dividend paid	42.236	7.890
Dividend received	(2.644.887)	(1.117.006)
Contribution to capital increases	200.371	35.947
Disposals from the scope of consolidation (*)	(22.921)	-
Disposals through business combinations	-	(14.482.000)
Additions through business combinations	-	1.249.107
Transactions with non-controlling interests	-	59.829
Profit eliminations	(1.485)	896
End of the period - 31 December	**12.135.290**	**8.367.140**

(*) Sale of shares constituting 30,45% of Yapı Kredi Koray capital, previously held by Yapı ve Kredi Bankası A.Ş., to Koray Gayrimenkul ve Yatırım A.Ş., was completed on 17 May 2021.

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NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Shares of profit/(loss) of Joint Ventures and associates:	**2021**	**2020**
Ford Otosan	3.300.924	1.616.556
Tofaş	1.233.418	670.536
Opet	552.812	(63.323)
Türk Traktör	495.821	291.166
Koç Finansal Hizmetler	-	200.579
Other	296.682	251.159
	5.879.657	**2.966.673**
Joint Ventures	5.741.028	2.883.882
Associates	138.629	82.791
	5.879.657	**2.966.673**

Shares of other comprehensive income/(loss) of Joint Ventures and associates:

	2021	**2020**
Ford Otosan	(721.653)	(284.890)
Tofaş	(190.519)	(167.169)
Banque de Commerce	847.647	312.970
Opet	103.097	33.823
Türk Traktör	53.015	266
Koç Finansal Hizmetler	-	(259.619)
Other	223.592	54.771
	315.179	**(309.848)**
Joint Ventures	(510.813)	(623.286)
Associates	825.992	313.438
	315.179	**(309.848)**

Dividend income/(capital increases) from Joint Ventures and associates:

	2021	**2020**
Ford Otosan	1.382.083	421.054
Tofaş	563.814	451.051
Banque de Commerce	-	19.433
Opet	82.660	123.990
Allianz Emeklilik	50.814	40.850
Türk Traktör	318.750	37.500
Other	46.395	(12.819)
	2.444.516	**1.081.059**

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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 2021	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Cash and cash equivalents	14.173.931	4.214.726	1.319.812	1.566.587	1.056.963	22.332.019
Other current assets	18.639.921	9.796.622	8.760.702	3.373.336	5.864.098	46.434.679
Receivables from finance sector operations	-	4.382.529	-	-	-	4.382.529
Other non-current assets	9.929.088	5.032.397	2.509.769	1.170.724	2.871.327	21.513.305
Total assets	**42.742.940**	**23.426.274**	**12.590.283**	**6.110.647**	**9.792.388**	**94.662.532**
Short-term borrowings	8.256.919	4.138.262	2.429.894	569.078	1.289.367	16.683.520
Other current liabilities	12.525.225	9.607.973	3.375.617	2.797.680	4.469.759	32.776.254
Long-term borrowings	10.799.308	3.620.796	3.844.158	533.498	471.244	19.269.004
Other non-current liabilities	1.060.560	351.365	35.627	155.662	238.856	1.842.070
Total liabilities	**32.642.012**	**17.718.396**	**9.685.296**	**4.055.918**	**6.469.226**	**70.570.848**
Net assets:	**10.100.928**	**5.707.878**	**2.904.987**	**2.054.729**	**3.323.162**	**24.091.684**
Allocation of net assets:						
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parent	**10.100.928**	**5.707.878**	**2.904.987**	**2.054.729**	**3.323.162**	**24.091.684**
Reconciliation of carrying value:						
Ownership of the Group	*38,65%*	*37,59%*	*41,33%*	*37,50%*		
Net asset share of the Group	3.904.141	2.145.456	1.200.631	770.523	1.436.291	9.457.042
Goodwill carried at Group level	-	-	138.984	-	-	138.984
Impact of additional share purchase	50.642	-	-	-	12.221	62.863
Carrying value	**3.954.783**	**2.145.456**	**1.339.615**	**770.523**	**1.448.512**	**9.658.889**

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NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

31 December 2020	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Cash and cash equivalents	8.124.073	4.249.809	335.720	1.890.431	1.802.918	16.402.951
Other current assets	9.480.449	7.191.189	4.726.782	1.756.649	2.986.767	26.141.836
Receivables from finance sector operations	-	2.859.868	-	-	-	2.859.868
Other non-current assets	6.699.889	5.139.445	2.227.600	923.256	2.166.027	17.156.217
Total assets	**24.304.411**	**19.440.311**	**7.290.102**	**4.570.336**	**6.955.712**	**62.560.872**
Short-term borrowings	3.932.881	2.827.079	1.019.217	252.478	1.225.177	9.256.832
Other current liabilities	8.547.900	8.053.655	1.717.098	1.750.872	2.685.732	22.755.257
Long-term borrowings	4.147.993	3.862.706	3.054.357	1.041.813	366.731	12.473.600
Other non-current liabilities	674.459	263.570	81.447	84.006	169.709	1.273.191
Total liabilities	**17.303.233**	**15.007.010**	**5.872.119**	**3.129.169**	**4.447.349**	**45.758.880**
Net assets:	**7.001.178**	**4.433.301**	**1.417.983**	**1.441.167**	**2.508.363**	**16.801.992**
Allocation of net assets:						
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parent	**7.001.178**	**4.433.301**	**1.417.983**	**1.441.167**	**2.508.363**	**16.801.992**
Reconciliation of carrying value:						
Ownership of the Group	*38,65%*	*37,59%*	*41,33%*	*37,50%*		
Net asset share of the Group	2.706.047	1.666.373	586.052	540.438	1.103.742	6.602.652
Goodwill carried at Group level	-	-	138.984	-	-	138.984
Impact of additional share purchase	50.642	-	-	-	12.221	62.863
Carrying value	**2.756.689**	**1.666.373**	**725.036**	**540.438**	**1.115.963**	**6.804.499**

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NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Condensed income statement information:

1 January - 31 December 2021	Ford Otosan (1)	Tofaş	Opet (2)	Türk Traktör	Other	Total
Revenue	71.101.257	30.513.009	56.007.463	11.644.197	13.472.992	182.738.918
Depreciation and amortisation	1.054.264	1.199.120	432.611	160.556	217.646	3.064.197
Operating profit	9.114.745	4.095.719	1.775.150	1.413.318	972.399	17.371.331
Net financial income/(expenses)	(715.885)	(621.958)	(275.589)	94.780	(189.426)	(1.708.078)
Profit before tax	8.361.418	3.512.216	1.533.212	1.510.233	799.828	15.716.907
Net profit for the period	8.540.265	3.281.316	1.337.556	1.322.188	605.728	15.087.053
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parents	**8.540.265**	**3.281.316**	**1.337.556**	**1.322.188**	**605.728**	**15.087.053**
Ownership of the Group	*38,65%*	*37,59%*	*41,33%*	*37,50%*		
Net profit share of the Group	**3.300.924**	**1.233.418**	**552.812**	**495.821**	**158.053**	**5.741.028**

1 January - 31 December 2020	KFS	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Revenue	3.688.956	49.451.407	23.982.332	38.623.155	6.243.308	8.167.311	130.156.469
Depreciation and amortisation	58.618	916.575	758.755	228.090	129.088	184.622	2.275.748
Operating profit	681.616	4.805.661	2.066.163	311.988	934.895	508.626	9.308.949
Net financial income/(expenses)	-	(698.521)	(245.945)	(410.150)	(62.730)	(57.560)	(1.474.906)
Profit before tax	687.495	4.107.156	1.830.776	(101.448)	873.711	465.498	7.863.188
Net profit for the period	548.683	4.193.739	1.783.928	(153.214)	776.443	432.081	7.581.660
Non-controlling interests	99.294	-	-	-	-	-	99.294
Equity holders of the parents	**449.389**	**4.193.739**	**1.783.928**	**(153.214)**	**776.443**	**432.081**	**7.482.366**
Ownership of the Group	*44,85%*	*38,65%*	*37,59%*	*41,33%*	*37,50%*		
Net profit share of the Group	**200.579**	**1.616.556**	**670.536**	**(63.323)**	**291.166**	**168.368**	**2.883.882**

(1) The operational results of Ford Otosan, a Joint Venture of the Group, for the period January-December 2021 include TL225 million expected credit losses provision (TL168,8 million net amount with TL56,3 million deferred tax impact) provided for the misconduct identified regarding dealer receivables and risks (profit/loss impact in the consolidated financial statements: TL65,3 million).

(2) The operational results of Opet, a Joint Venture of the Group, for the period January-December 2020 include TL325 million administrative penalty expense regarding the payment realised to the Competition Authority. In the lawsuit filed by Opet for the cancellation of the related penalty, a stay of execution decision was granted and related administrative penalty was repaid to Opet with its legal interest in September 2021. Therefore, the financial results of Opet for the period January-December 2021 include TL325 million income resulting from the cancellation of the administrative penalty. The Competition Authority applied to the Court of Appeal for the annulment of the cancellation decision of the Court of First Instance and the trial continues.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	**31 December 2021**	**31 December 2020**
Trade receivables	44.264.457	18.730.557
Notes and cheques receivable	2.178.645	2.212.791
Less: Provision for expected credit loss	(1.301.907)	(876.978)
Less: Unearned finance income	(459.833)	(305.325)
	44.681.362	19.761.045
Due from related parties (Note 31)	3.073.686	1.239.528
	47.755.048	**21.000.573**
Short-term trade receivables	46.979.315	20.478.731
Long-term trade receivables	775.733	521.842
	47.755.048	**21.000.573**

Tüpraş and Arçelik, the Subsidiaries of the Group, offset TL642.051 thousand (31 December 2020: TL2.976.335 thousand) and TL2.366.439 thousand (31 December 2020: TL1.238.538 thousand) respectively, from their trade receivables that were collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2021.

Tüpraş, a Subsidiary of the Group, offset the supplier financing transaction amounting to TL353.725 thousand from its trade receivables as of 31 December 2021 (31 December 2020: TL1.127.270 thousand).

Movement of the provision for expected credit losses is as follows:

	2021	**2020**
Beginning of the period - 1 January	**876.978**	**670.932**
Increases during the period	143.180	112.539
Collections	(36.442)	(18.070)
Write-offs (*)	(66.448)	(26.555)
Business combinations	30.495	-
Currency translation differences	354.144	138.132
End of the period - 31 December	**1.301.907**	**876.978**

(*) Doubtful receivables, for which no possibility of collection is foreseen, are written off from the records along with their related provisions.

Trade payables	**31 December 2021**	**31 December 2020**
Trade payables	69.129.983	26.594.467
Less: Unearned finance expense	(231.609)	(193.260)
	68.898.374	26.401.207
Due to related parties (Note 31)	2.689.664	2.638.387
	71.588.038	**29.039.594**

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NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2021	31 December 2020
Short-term receivables from finance sector operations	229.362.141	157.462.310
Long-term receivables from finance sector operations	187.381.146	137.770.791
	416.743.287	**295.233.101**

The breakdown of receivables from finance sector operations is as follows:

31 December 2021	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	222.019.863	70.305.173	47.532.095	14.112.911	5.188.483	359.158.525
Stage 2	56.923.062	5.831.282	3.460.004	887.476	785.568	67.887.392
Stage 3	15.103.337	3.090.068	1.443.364	437.941	137.799	20.212.509
Gross	**294.046.262**	**79.226.523**	**52.435.463**	**15.438.328**	**6.111.850**	**447.258.426**
Stage 1 and 2	(13.471.470)	(1.700.955)	(454.125)	(354.938)	(84.475)	(16.065.963)
Stage 3	(10.043.206)	(2.676.530)	(1.272.640)	(343.226)	(113.574)	(14.449.176)
Expected credit losses (-)	**(23.514.676)**	**(4.377.485)**	**(1.726.765)**	**(698.164)**	**(198.049)**	**(30.515.139)**
Net	**270.531.586**	**74.849.038**	**50.708.698**	**14.740.164**	**5.913.801**	**416.743.287**

31 December 2020	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	155.936.992	50.365.217	31.670.721	9.641.699	4.660.312	252.274.941
Stage 2	41.458.785	3.000.365	2.243.270	900.722	517.400	48.120.542
Stage 3	16.194.198	1.700.746	1.167.237	429.437	126.396	19.618.014
Gross	**213.589.975**	**55.066.328**	**35.081.228**	**10.971.858**	**5.304.108**	**320.013.497**
Stage 1 and 2	(8.877.299)	(1.471.479)	(504.166)	(237.430)	(49.361)	(11.139.735)
Stage 3	(10.599.371)	(1.481.194)	(1.124.999)	(330.542)	(104.555)	(13.640.661)
Expected credit losses (-)	**(19.476.670)**	**(2.952.673)**	**(1.629.165)**	**(567.972)**	**(153.916)**	**(24.780.396)**
Net	**194.113.305**	**52.113.655**	**33.452.063**	**10.403.886**	**5.150.192**	**295.233.101**

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NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Movement of the expected credit losses is as follows:

2021	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Beginning of the period - 1 January	**19.476.670**	**2.952.673**	**1.629.165**	**567.972**	**153.916**	**24.780.396**
Increases during the period	1.794.910	1.765.604	336.798	205.464	77.713	4.180.489
Collections	(1.746.932)	(342.685)	(255.004)	(73.679)	(33.451)	(2.451.751)
Write-offs	(1.035.367)	(32.348)	(1.511)	(68.627)	(129)	(1.137.982)
Currency translation differences	5.025.395	34.241	17.317	67.034	-	5.143.987
End of the period - 31 December	**23.514.676**	**4.377.485**	**1.726.765**	**698.164**	**198.049**	**30.515.139**

2020	Corporate and commercial loans	Customer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Beginning of the period - 1 January	**-**	**136.772**	**-**	**-**	**-**	**136.772**
Business combinations	14.974.996	1.613.578	1.315.886	537.478	115.273	18.557.211
Increases during the period	5.103.691	1.699.859	588.633	153.843	49.776	7.595.802
Collections	(978.539)	(444.054)	(247.448)	(18.103)	(11.109)	(1.699.253)
Write-offs	(81.805)	(168.452)	(114.082)	(105.246)	(24)	(469.609)
Disposals due to sale of portfolio	(529.322)	-	-	-	-	(529.322)
Currency translation differences	987.649	114.970	86.176	-	-	1.188.795
End of the period - 31 December	**19.476.670**	**2.952.673**	**1.629.165**	**567.972**	**153.916**	**24.780.396**

Stage-based movement of the expected credit losses is as follows:

2021	Stage 1	Stage 2	Stage 3	Total
Beginning of the period - 1 January	**2.796.165**	**8.343.570**	**13.640.661**	**24.780.396**
Increases during the period	629.909	898.524	2.652.056	4.180.489
Collections	(542.363)	(793.172)	(1.116.216)	(2.451.751)
Write-offs	-	-	(1.137.982)	(1.137.982)
Transfers to Stage 1	604.668	(568.762)	(35.906)	-
Transfers to Stage 2	(739.074)	927.246	(188.172)	-
Transfers to Stage 3	(68.894)	(450.925)	519.819	-
Currency translation differences	658.701	4.370.370	114.916	5.143.987
End of the period - 31 December	**3.339.112**	**12.726.851**	**14.449.176**	**30.515.139**

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NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

2020	Stage 1	Stage 2	Stage 3	Total
Beginning of the period - 1 January	**56.269**	**1.121**	**79.382**	**136.772**
Business combinations	1.221.437	5.123.422	12.212.352	18.557.211
Increases during the period	1.454.880	3.096.038	3.044.884	7.595.802
Collections	(110.018)	(622.083)	(967.152)	(1.699.253)
Write-offs	-	-	(469.609)	(469.609)
Disposals due to sale of portfolio	-	-	(529.322)	(529.322)
Transfers to Stage 1	51.865	(51.229)	(636)	-
Transfers to Stage 2	(55.391)	62.855	(7.464)	-
Transfers to Stage 3	(368)	(260.024)	260.392	-
Currency translation differences	177.491	993.470	17.834	1.188.795
End of the period - 31 December	**2.796.165**	**8.343.570**	**13.640.661**	**24.780.396**

NOTE 11 - DERIVATIVE INSTRUMENTS

The breakdown of derivative instruments as of 31 December 2021 and 2020 is as follows:

	31 December 2021		31 December 2020	
	Asset	Liability	Asset	Liability
Derivatives held for trading	19.198.819	17.201.015	5.157.922	8.003.188
Derivatives held for hedging	6.409.201	4.901.447	1.061.220	3.433.388
	25.608.020	**22.102.462**	**6.219.142**	**11.436.576**

Finance:

	31 December 2021			31 December 2020		
	Contract amount (*)	Asset	Fair Values Liability	Contract amount (*)	Asset	Fair Values Liability
Derivatives held for trading:						
Interest rate swaps	231.543.920	1.540.894	1.474.362	142.948.898	1.561.092	1.558.805
Currency swaps	173.875.130	10.287.490	7.825.040	120.257.352	1.148.739	3.525.425
Currency forwards	26.393.227	1.177.561	1.610.967	16.119.910	553.243	155.258
Cross-currency fixed interest rate swaps	23.003.533	4.126.148	5.681.416	18.047.429	1.690.236	2.050.505
Option agreements	13.594.205	163.162	60.645	14.215.807	96.988	47.523
Other derivative instruments	88.037.890	846.116	5.373	39.918.012	42.368	5.891
	556.447.905	**18.141.371**	**16.657.803**	**351.507.408**	**5.092.666**	**7.343.407**
Derivatives held for hedging:						
Interest rate swaps	113.087.858	3.560.098	683.193	90.213.314	581.692	2.625.136
Cross-currency fixed interest rate swaps	1.496.113	-	988.874	6.010.024	-	620.018
	114.583.971	**3.560.098**	**1.672.067**	**96.223.338**	**581.692**	**3.245.154**

(*) Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

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NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

Derivatives held for trading:

Derivative transactions, even though providing effective economic hedges in terms of risk management for finance sector companies, do not qualify for hedge accounting under the specific rules and are therefore accounted for as derivatives held for trading in the consolidated financial statements.

Derivatives held for hedging:

a. Fair value hedges:

Yapı Kredi Bankası, a Subsidiary of the Group, started to hedge the possible fair value effects of changes in market interest rates on some of its fixed interest TL mortgage and car loan portfolios as well as the fair value effects of changes in foreign exchange rates on some of its foreign currency denominated funds by using cross-currency interest rate swaps effective from 1 March 2009 and started to hedge the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using interest rates swaps and cross-currency interest rate swaps effective from 28 July 2015.

b. Cash flow hedges:

In order to hedge its cash flow risk arising from floating rate liabilities, Yapı Kredi Bankası started to apply cash flow hedge accounting effective from 1 January 2010. The hedging instruments are USD, EUR and TL interest rate swaps and cross currency swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL customer deposits, repos and borrowings. Net interest income after tax accounted for under "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 regarding cash flow hedging transactions amounted to TL3.309.704 thousand (2020: TL1.415.351 thousand net interest income after tax).

Koç Finansman, a Subsidiary of the Group, has entered into interest rate swap transactions, in order to hedge the cash flow risk of instalment payments of its long-term bond issues with floating interest rate. Within the scope of aforementioned transactions, TL8.054 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2021 (2020: TL11.504 thousand net interest income after tax).

c. Net investment hedges in a foreign operation:

Yapı Kredi Bankası, hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. Yapı Kredi Bankası's EUR denominated borrowing is designated as a hedge of the net investment in certain of its EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at 31 December 2021 amounted to EUR495 million (31 December 2020: EUR471 million). Foreign exchange loss after tax amounting to TL2.079.413 thousand has been accounted for under "gains/(losses) on hedges of net investments in foreign operations" in the statement of comprehensive income of 2021 (2020: TL923.010 thousand foreign exchange loss after tax).

Non-finance:

	31 December 2021			31 December 2020		
	Contract amount (*)	Fair values Asset	Fair values Liability	Contract amount (*)	Fair values Asset	Fair values Liability
Derivatives held for trading:						
Currency forwards	52.142.226	1.055.457	416.104	33.550.381	51.960	629.390
Currency swaps	6.560.162	1.991	27.105	8.764.898	12.279	4.774
Commodity futures	20.447.816	-	100.003	784.752	-	18.738
Interest rate swaps	-	-	-	1.500.000	1.017	6.879
	79.150.204	**1.057.448**	**543.212**	**44.600.031**	**65.256**	**659.781**
Derivatives held for hedging:						
Interest rate swaps	9.141.026	93.073	111.806	5.367.408	-	128.574
Cross-currency fixed interest rate swaps	368.663	274.125	-	3.083.347	405.690	18.222
Currency swaps	558.259	-	177.499	55.325	20.590	-
Currency forwards	151.282	9.115	-	691.263	16.354	-
Commodity futures	34.674.460	2.472.790	2.940.075	817.920	20.939	41.438
Receivables from operating leases	-	-	-	101.525	15.955	-
	44.893.690	**2.849.103**	**3.229.380**	**10.116.788**	**479.528**	**188.234**

(*) Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

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NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

Derivatives held for trading:

Certain derivative transactions, even though providing effective economic hedges for non-finance companies under the Group risk management position, do not qualify for hedge accounting under the specific rules, and are therefore accounted for as derivatives held for trading in the consolidated financial statements.

"Commodity derivatives" classified under derivative instruments held for trading, include derivative transactions of Tüpraş and Aygaz, the Subsidiaries of the Group, for the purpose of hedging against price risk of inventories.

Derivatives held for hedging:

a. Cash flow hedges:

Tüpraş, a Subsidiary of the Group, has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its USD152,9 million (31 December 2020: USD229 million) long-term loan issue with floating interest rate. Within the scope of aforementioned transactions, TL15.066 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2021 (2020: TL29.963 thousand net interest expense after tax).

Tüpraş has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its TL1.740 million long-term borrowings with floating interest rate. Within the scope of aforementioned transactions, TL29.705 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2021 (2020: TL32.179 thousand net interest income after tax).

Tüpraş has entered into currency swap transactions in order to mitigate the foreign exchange risk arising from principal and interest payments of its USD23,6 million (2020: USD66,8 million) borrowings. Total net financial income after tax recognised under the "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 within the scope of aforementioned currency swap transactions amounted to TL177 thousand (2020: TL44.105 thousand net financial income after tax).

Tüpraş' Residuum Upgrade Project (RUP) financing loans are designated as hedging instruments against the spot foreign exchange rate risk (USD/TL) associated with highly probable export revenues. In this context, Tüpraş started to apply cash flow hedge accounting effective from 1 March 2015. The amount of loans associated within this scope amounted to USD385 million as of 31 December 2021 (2020: USD576 million). The after tax foreign exchange loss recognised under "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 in the scope of cash flow hedge amounted to TL823.583 thousand (2020: TL123.115 thousand foreign exchange loss after tax).

Arçelik, a Subsidiary of the Group, has entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of its TL300 million long-term bond issue with floating interest rate. Within the scope of aforementioned transactions, TL14.367 thousand net interest income after tax has been accounted for under "gains/(losses) on cash flow hedges" in the statement of other comprehensive income of 2021 (2020: Related to Arçelik's long-term bond issue amounting to TL1.000 million and net interest income after tax amounting to TL51.622 thousand has been recognised under the "gains/(losses) on cash flow hedges" in the statement of comprehensive income).

Entek's USD denominated loans are designated as hedging instruments against the spot foreign exchange rate risk (USD/TL) associated with highly probable USD denominated revenue related to Renewable Energy Sources Support Mechanism ("YEKDEM"). In this context, Entek started to apply cash flow hedge accounting. The amount of loans associated within this scope amounted to USD23,3 million as of 31 December 2021. The foreign exchange loss after tax recognised under the "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 within the scope of aforementioned cash flow hedge amounted to TL91.281 thousand.

Entek has entered into currency swap transactions, in order to mitigate the foreign exchange risk arising from TL220,8 million of borrowings, involving the exchange of USD principal and interest payments in TL. The total net foreign exchange loss after tax recognised under the "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 within the scope of aforementioned currency swap transactions amounted to TL131.452 thousand.

Ditaş, a Subsidiary of the Group, has designated its loans borrowed for financing of ship investments as hedging instruments against the spot foreign exchange risk (USD/TL) associated with highly probable export revenues. In this context, Ditaş started to apply cash flow hedge accounting effective from 1 July 2016. The amount of loans associated within this scope amounted to USD57,4 million as of 31 December 2021 (2020: USD82,3 million). The after tax foreign exchange loss recognised under "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 in the scope of cash flow hedge amounted to TL268.746 thousand (2020: TL75.160 thousand foreign exchange loss after tax).

Setur, a Subsidiary of the Group, has designated its loans borrowed for financing of Duty-Free investments as hedging instruments against the spot foreign exchange risk (EUR/TL) associated with highly probable export revenues. In this context, Setur started to apply cash flow hedge accounting effective from 1 January 2017. The amount of loans associated within this scope amounted to EUR3 million as of 31 December 2021 (31 December 2020: EUR3,3 million). The after tax foreign exchange loss recognised under "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 in the scope of cash flow hedge amounted to TL3.659 thousand (2020: TL861 thousand foreign exchange gain after tax).

Entek, Ditaş and Tat Gıda, the Subsidiaries of the Group, have entered into interest rate swap transactions, in order to hedge the cash flow risk of installment payments of long-term borrowings with floating rate. The after tax net interest income of the aforementioned swap transactions recognised under "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 amounted to TL29.908 thousand (2020: TL23.577 thousand net interest expense after tax).

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NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

"Commodity derivatives" classified under derivative instruments held for hedging include derivative transactions of Aygaz, for the purpose of hedging against price risk of inventories, as well as product margin (crack margin) fixing transactions and swap transactions of Tüpraş, for the purpose of hedging against price risk of crude oil prices in highly probable future sales. The after tax net foreign exchange loss recognised under "gains/(losses) on cash flow hedges" in the statement of comprehensive income of 2021 within the scope of related derivative transactions amounted to TL362.105 thousand (2020: Included derivative transactions of Tüpraş and Aygaz realised for the purpose of hedging against price risk of inventories and TL8.898 thousand foreign exchange loss after tax has been recognised under "gains/(losses) on cash flow hedges" in the statement of comprehensive income).

b. Net investment hedges in a foreign operation:

Arçelik, a Subsidiary of the Group, designated some portion of its EUR denominated bank loans as hedging instrument in order to hedge the foreign currency risk arising from the translation of net assets of some of its subsidiaries operating in Europe from EUR to Turkish Lira. As of 31 December 2021, EUR200 million of debt securities in issue was designated as net investment hedging instrument (31 December 2020: EUR154 million). Net foreign exchange loss after tax accounted for under "gains/(losses) on hedges of net investments in foreign operations" in the statement of other comprehensive income of 2021 amounted to TL869.717 thousand (2020: TL290.126 thousand net foreign exchange loss after tax).

Otokoç, a Subsidiary of the Group, designated EUR22 million (31 December 2020: EUR25,7 million) of its loans as hedging instrument in order to hedge the foreign currency risk arising from the translation of net assets of some of its subsidiaries operating in Europe from EUR to Turkish Lira. Net foreign exchange loss after tax accounted for under "gains/(losses) on hedges of net investments in foreign operations" in the statement of other comprehensive income of 2021 amounted to TL120.157 thousand (2020: TL51.211 thousand net foreign exchange loss after tax).

NOTE 12 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials and supplies	11.109.998	4.651.008
Work in progress	5.017.991	2.023.063
Finished goods	13.976.611	6.393.546
Merchandise	4.948.402	2.842.834
Goods in transit	11.412.960	2.847.526
Other inventories	105.023	81.775
Less: Provision for impairment	(312.540)	(187.908)
	46.258.445	**18.651.844**

Movement of provision for impairment on inventories is as follows:

	2021	2020
The beginning of the period - 1 January	**187.908**	**118.478**
Increase during the period	83.279	117.746
Reversal of provisions	(105.125)	(66.813)
Currency translation differences	109.984	18.497
Business combinations	36.494	-
End of the period - 31 December	**312.540**	**187.908**

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NOTE 13 - INVESTMENT PROPERTIES

	2021	2020
As of 1 January		
Cost	512.830	512.854
Accumulated depreciation	(128.088)	(118.071)
Net book value	**384.742**	**394.783**
Net book value at the beginning of the period	**384.742**	**394.783**
Additions	-	14
Disposals	(6.784)	-
Current period depreciation	(8.949)	(10.055)
Net book value at the end of the period	**369.009**	**384.742**
As of 31 December		
Cost	504.913	512.830
Accumulated depreciation	(135.904)	(128.088)
Net book value	**369.009**	**384.742**

The fair value of the investment property, with TL369.009 thousand net book value (2020: TL384.742 thousand), is TL765.707 thousand (2020: TL 617.642 thousand) as of 31 December 2021.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2021								
Cost	6.153.338	10.797.815	23.048.572	11.730.555	3.984.996	2.294.836	934.905	58.945.017
Accumulated depreciation	(1.443.137)	(3.564.630)	(10.061.974)	(2.290.653)	(2.499.182)	-	(564.624)	(20.424.200)
Net book value	**4.710.201**	**7.233.185**	**12.986.598**	**9.439.902**	**1.485.814**	**2.294.836**	**370.281**	**38.520.817**
Net book value at the beginning of the period	**4.710.201**	**7.233.185**	**12.986.598**	**9.439.902**	**1.485.814**	**2.294.836**	**370.281**	**38.520.817**
Additions	197.877	1.436.588	1.590.582	4.972.626	970.934	1.242.752	203.780	10.615.139
Business combinations (Note 3)	411.938	373.453	1.251.945	11.311	164.569	33.391	2	2.246.609
Disposals	(1.371)	(438.415)	(8.673)	(309.641)	(17.542)	(32.507)	(7.429)	(815.578)
Transfers (*)	13.176	32.979	904.380	(599.099)	76.770	(1.212.502)	20.930	(763.366)
Currency translation differences	189.982	1.275.703	1.260.900	2.156.841	303.357	224.013	66.324	5.477.120
Current period depreciation	(183.903)	(858.952)	(1.401.856)	(1.027.535)	(527.477)	-	(113.335)	(4.113.058)
Net book value at the end of the period	**5.337.900**	**9.054.541**	**16.583.876**	**14.644.405**	**2.456.425**	**2.549.983**	**540.553**	**51.167.683**
31 December 2021								
Cost	6.971.842	13.774.434	29.994.850	18.589.310	5.758.804	2.549.983	1.287.299	78.926.522
Accumulated depreciation	(1.633.942)	(4.719.893)	(13.410.974)	(3.944.905)	(3.302.379)	-	(746.746)	(27.758.839)
Net book value	**5.337.900**	**9.054.541**	**16.583.876**	**14.644.405**	**2.456.425**	**2.549.983**	**540.553**	**51.167.683**

(*) Include transfers amounting to TL748.954 thousand from other non-current assets used in operational lease classified under property, plant and equipment to inventories and transfers amounting to TL14.412 thousand from property, plant and equipment to other intangible assets (Note 16).

Net book value of the right-of-use assets classified under property, plant and equipment is TL3.296.822 thousand as of 31 December 2021 (31 December 2020: TL2.536.934 thousand). For the year ended 31 December 2021, additions to the right-of-use assets amounted to TL1.523.881 thousand (31 December 2020: TL887.331 thousand) and depreciation expenses amounted to TL950.809 thousand (31 December 2020: TL728.569 thousand).

As of 31 December 2021, the Group has property, plant and equipment purchase commitments amounting to TL500.761 thousand.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2020								
Cost	5.847.424	4.281.569	21.849.879	8.692.732	1.703.116	1.725.287	675.521	44.775.528
Accumulated depreciation	(1.281.900)	(1.168.684)	(9.097.300)	(1.629.611)	(1.074.668)	-	(369.460)	(14.621.623)
Net book value	**4.565.524**	**3.112.885**	**12.752.579**	**7.063.121**	**628.448**	**1.725.287**	**306.061**	**30.153.905**
Net book value at the beginning of the period	**4.565.524**	**3.112.885**	**12.752.579**	**7.063.121**	**628.448**	**1.725.287**	**306.061**	**30.153.905**
Additions	148.095	824.070	722.086	2.938.140	609.753	1.444.842	64.189	6.751.175
Business combinations	111.098	3.436.133	-	189	688.623	-	127.096	4.363.139
Disposals	(3.033)	(142.489)	(126.383)	(114.578)	(18.789)	(8.856)	(27.573)	(441.701)
Transfers (1)	(9.033)	427.320	220.734	(515.846)	(52.572)	(904.335)	(27.893)	(861.625)
Provision for impairment (2)	-	-	(22.065)	-	-	-	-	(22.065)
Currency translation differences	80.218	291.176	558.501	769.555	(20.501)	37.898	15.771	1.732.618
Current period depreciation	(182.668)	(715.910)	(1.118.854)	(700.679)	(349.148)	-	(87.370)	(3.154.629)
Net book value at the end of the period	**4.710.201**	**7.233.185**	**12.986.598**	**9.439.902**	**1.485.814**	**2.294.836**	**370.281**	**38.520.817**
31 December 2020								
Cost	6.153.338	10.797.815	23.048.572	11.730.555	3.984.996	2.294.836	934.905	58.945.017
Accumulated depreciation	(1.443.137)	(3.564.630)	(10.061.974)	(2.290.653)	(2.499.182)	-	(564.624)	(20.424.200)
Net book value	**4.710.201**	**7.233.185**	**12.986.598**	**9.439.902**	**1.485.814**	**2.294.836**	**370.281**	**38.520.817**

(1) Include transfers amounting to TL563.678 thousand from other non-current assets used in operational lease classified under property, plant and equipment to inventories, transfers amounting to TL40.724 thousand from property, plant and equipment to other intangible assets (Note 16) and transfers amounting to TL257.223 thousand to assets held for sale. Transfers to assets held for sale are related to the production facility of Arçelik, located in Changzhou, China, which is decided to be sold and of which sales related transactions have been completed as of 31 December 2020 and the assets of the SEK business, operating in milk and dairy products business line of Tat Gıda, a Subsidiary of the Group (Note 25).

(2) Related to the property, plant and equipment of Arçelik, a Subsidiary of the Group, which would not provide economic benefits in the future.

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NOTE 15 - GOODWILL

	2021	2020
Net book value at the beginning of the period - 1 January	**3.725.523**	**3.545.249**
Currency translation differences	642.992	180.274
Business combinations (Note 3)	1.212.996	-
Net book value at the end of the period - 31 December	**5.581.511**	**3.725.523**

The allocation of the goodwill is as follows:

	31 December 2021	31 December 2020
Tüpraş	2.736.463	2.736.463
Hitachi (Note 3)	1.212.398	-
Defy Group	661.997	408.708
Singer Bangladesh	574.437	330.498
Dawlance Group	375.925	236.468
Süloğlu (Note 3)	598	-
Other	19.693	13.386
	5.581.511	**3.725.523**

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 2021 as a result of the impairment tests realised on the basis of cash generating units.

a) Tüpraş

The recoverable amount of the cash generating unit has been determined using discounted cash flow analyses based on fair value less costs to sell calculations. These fair value calculations include shareholders cash flow projections denominated in USD and are based on the financial plans approved by Tüpraş management covering nine years period. The Group considers that, the analysis covering a period longer than five years is more appropriate to evaluate operating results and prospective assumptions in the sector and therefore impairment test is based on longer term plans. The cash flows for the periods beyond nine years are extrapolated using the long term growth rate of 1%. The discount rate (cost of equity) used to discount the related cash flows is 9.7%.

b) Defy Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections denominated in South African Rand, approved by Arçelik management covering five years period between 1 January 2022 and 31 December 2026. Cash flows for further periods were extrapolated using a constant growth rate of 5% which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 13,2% is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

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NOTE 15 - GOODWILL (Continued)

c) 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 2021.

d) 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 2022 and 31 December 2026. Cash flows for further periods were extrapolated using a constant growth rate of 4% which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 14,3% is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

Sensitivity analysis:

The effects of 1% negative deviation on the significant assumptions used in the base scenario of impairment tests have been analysed for each cash generating unit. Deviations on recoverable amounts with respect to the carrying amounts including goodwill as a result of the sensitivity analysis performed as of 31 December 2021 are summarised in the following table:

	Tüpraş	Defy Group	Dawlance Group	Singer Bangladesh
Base scenario	591%	34%	215%	61%
Sensitivity analysis:				
Long-term growth rate: 1% decrease	536%	24%	191%	-
Discount rate: 1% increase	498%	15%	176%	-
20% decrease in market value	-	-	-	29%

NOTE 16 - OTHER INTANGIBLE ASSETS

		Deposit	Development	Customer			
	Rights	**Brand**	**Base**	**Costs**	**Relations**	**Other**	**Total**
1 January 2021							
Cost	1.796.367	3.678.278	1.615.055	3.641.305	640.871	1.659.501	13.031.377
Accumulated amortisation	(1.031.623)	-	(353.223)	(1.626.403)	(109.858)	(703.778)	(3.824.885)
Net book value	**764.744**	**3.678.278**	**1.261.832**	**2.014.902**	**531.013**	**955.723**	**9.206.492**
Additions	235.881	-	-	1.027.343	-	229.160	1.492.384
Business combinations (Note 3)	35.164	-	-	-	1.362.470	328.417	1.726.051
Disposals	(4.772)	-	-	(2.629)	-	-	(7.401)
Transfers (*)	11.882	-	-	(56.810)	-	59.340	14.412
Currency translation differences	266.615	871.124	-	504	318.860	57.339	1.514.442
Current period amortisation	(180.458)	-	(207.424)	(305.548)	(151.284)	(240.647)	(1.085.361)
Net book value at the end of the period	**1.129.056**	**4.549.402**	**1.054.408**	**2.677.762**	**2.061.059**	**1.389.332**	**12.861.019**
31 December 2021							
Cost	2.465.342	4.549.402	1.615.055	4.608.816	2.322.201	2.364.488	17.925.304
Accumulated amortisation	(1.336.286)	-	(560.647)	(1.931.054)	(261.142)	(975.156)	(5.064.285)
Net book value	**1.129.056**	**4.549.402**	**1.054.408**	**2.677.762**	**2.061.059**	**1.389.332**	**12.861.019**

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NOTE 16 - OTHER INTANGIBLE ASSETS (Continued)

	Rights	Deposit Brand	Development Base	Customer Costs	Relations	Other	Total
1 January 2020							
Cost	1.485.975	1.316.953	-	2.594.839	547.676	477.354	6.422.797
Accumulated amortisation	(804.334)	-	-	(1.290.663)	(80.287)	(134.091)	(2.309.375)
Net book value	**681.641**	**1.316.953**	**-**	**1.304.176**	**467.389**	**343.263**	**4.113.422**
Additions	178.028	-	-	767.178	-	156.849	1.102.055
Business combinations	11.243	2.013.259	1.451.971	215.965	-	697.228	4.389.666
Disposals	(13.687)	-	-	(418)	-	(43)	(14.148)
Provision for impairment	-	-	-	-	-	(75.214)	(75.214)
Transfers (*)	21.221	-	-	15.481		4.022	40.724
Currency translation differences	46.455	348.066	-	-	93.195	19.473	507.189
Current period amortisation	(160.157)	-	(190.139)	(287.480)	(29.571)	(189.855)	(857.202)
Net book value at the end of the period	**764.744**	**3.678.278**	**1.261.832**	**2.014.902**	**531.013**	**955.723**	**9.206.492**
31 December 2020							
Cost	1.796.367	3.678.278	1.615.055	3.641.305	640.871	1.659.501	13.031.377
Accumulated amortisation	(1.031.623)	-	(353.223)	(1.626.403)	(109.858)	(703.778)	(3.824.885)
Net book value	**764.744**	**3.678.278**	**1.261.832**	**2.014.902**	**531.013**	**955.723**	**9.206.492**

(*) Includes transfers from property, plant and equipment.

Total research and development expenditures incurred in 2021 excluding amortisation amounts to TL1.345.329 thousand (2020: TL941.830 thousand).

As of 31 December 2021, net book value of intangible assets with indefinite useful lives amounted to TL4.549.402 thousand (2020: TL3.678.278 thousand) and consists of brands. The useful lives of the related brands are assessed as indefinite, since there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

The breakdown of the Group's brands is as follows:

	31 December 2021	31 December 2020
Yapı Kredi Bankası	2.013.259	2.013.259
Arçelik		
Grundig	*1.182.668*	*775.239*
Defy	*799.251*	*524.105*
Dawlance	*485.766*	*323.933*
Other	*68.458*	*41.742*
	4.549.402	**3.678.278**

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NOTE 16 - OTHER INTANGIBLE ASSETS (Continued)

Brand impairment test

Yapı Kredi Bankası brand

As of 31 December 2021, 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 16,4% 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 24% discount rate after tax. Value in use of the brand was calculated 72% 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 brand is calculated 53% higher than its carrying amount.

Arçelik brands

As of 31 December 2021, Arçelik brands have been tested for impairment using the royalty relief method. Sales forecasts, considered in the determination of the brand value, are based on the financial plans approved by the management covering a five year period. Beyond the five year period, sales forecasts have been extrapolated by 3% to 5% 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 6,7% to 14,3% discount rates after tax. Value in use of the brands has been calculated as 13,3 times of their carrying values and no impairment has been identified.

According to the sensitivity scenario in which 1% higher after tax discount rate is used in the value in use calculation, value in use of the brands is calculated as 10,6 times of their carrying amounts.

NOTE 17 - BORROWINGS

	31 December 2021			31 December 2020		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Short-term borrowings (*):						
Bank borrowings	55.129.142	27.860.628	82.989.770	37.881.282	16.818.409	54.699.691
Debt securities in issue	37.718.370	1.771.624	39.489.994	10.398.036	5.926.812	16.324.848
Factoring payables	-	251.013	251.013	-	120.716	120.716
Lease liabilities	307.355	472.397	779.752	232.704	346.271	578.975
	93.154.867	**30.355.662**	**123.510.529**	**48.512.022**	**23.212.208**	**71.724.230**
Long-term borrowings:						
Bank borrowings	33.877.756	24.656.363	58.534.119	19.424.990	23.553.516	42.978.506
Debt securities in issue	56.992.642	44.603.001	101.595.643	43.602.359	21.429.708	65.032.067
Lease liabilities	1.043.152	1.606.197	2.649.349	861.826	1.210.615	2.072.441
	91.913.550	**70.865.561**	**162.779.111**	**63.889.175**	**46.193.839**	**110.083.014**
Total borrowings	**185.068.417**	**101.221.223**	**286.289.640**	**112.401.197**	**69.406.047**	**181.807.244**

(*) Includes short-term portion of long-term borrowings.

Group companies operating in Non-Finance sectors have borrowings amounting to TL1.801.526 thousand obtained from Yapı Kredi Bank and eliminated during the preparation of consolidated financial statements as of 31 December 2021 (31 December 2020: TL1.194.394 thousand).

Major long-term borrowings in 2021:

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.

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NOTE 17 - BORROWINGS (Continued)

Non-finance:

Arçelik, a Subsidiary of the Group, obtained a green loan amounting to EUR150 million from European Bank for Reconstruction and Development with a 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, a Subsidiary of the Group, completed the green bond issue, quoted on the Irish Stock Exchange, with a nominal value of EUR350 million, maturity of 5 years, coupon payments in each year, principal and coupon payments at the end of maturity and annual interest rate of 3% on 25 May 2021.

Arçelik, a Subsidiary of the Group, completed the bond issue, quoted on the Borsa Istanbul, with a nominal value of TL1,2 billion, maturity of 728 days, coupon payments in every 3 months with variable interest rate, principal and coupon payments at the end of maturity and 140 bps additional return over TLREF reference ratio on 12 February 2021.

Tüpraş, a Subsidiary of the Group, completed the bond issue with a nominal value of TL1,1 billion, maturity of 728 days, coupon payments in every 3 months with variable interest rate, principal and coupon payments at the end of maturity and 140 bps additional return over TLREF reference ratio on 3 February 2021.

Major long-term borrowings before 2021:

Finance:

Yapı Kredi Bankası issued a Basel II compliant debt instrument abroad with a nominal value of USD650 million, annual interest rate of 13,875% for the first five years and mid-swap +11,24% for the next five years on 15 January 2019.

Yapı Kredi Bankası obtained a loan from UniCredit Bank Austria AG on 18 December 2013 amounting to USD470 million with 10 years maturity and a repayment option at the end of 5 years. The interest rate was determined as 6,35% for the first 5 years and midswap +4,68% for the remaining 5 years. On 30 January 2015, loan agreement has been amended in accordance with Article 8 of the "Regulation Regarding the Equity of Banks" and interest rate has been revised as 6,55% for the first 5 years and midswap +7,71% for the remaining 5 years. The interest rate has been fixed as 7,7156% for the second five years. Yapı Kredi Bank prepaid USD200 million of the related loan on 16 January 2019.

On 29 November 2012, Yapı Kredi Bankası issued a Basel II compliant 10 year bullet subordinated note with an amount of USD1 billion. The note has a 5,5% coupon rate and was not counted towards capital since remaining maturity of the note is less than one year as of 31 December 2021.

Yapı Kredi Bankası early repaid its borrowing for USD585 million on 9 January 2013 which was received from UniCredit Bank Austria AG on 22 February 2012 with an interest rate of 3 months Libor + 8,30%. Yapı Kredi Bank received another subordinated loan from the same counterparty for USD585 million with 10 years of maturity (payable after 5 years) and 5,5% fixed interest rate. Yapı Kredi Bankası has been incurred an early payment fee amounting to TL57 million with respect to early closing of this subordinated loan. On 30 January 2015, loan agreement has been amended in accordance with Article 8 of the "Regulation Regarding the Equity of Banks" and interest rate has been revised as 5,70%.

Non-finance:

Tüpraş, a Subsidiary of the Group, completed the bond issue with a nominal value of TL500 million, maturity of 728 days, coupon payments in every 3 months, principal and coupon payments at the end of maturity and 140 bps additional return over TLREF reference ratio on 30 November 2020.

Olympic, a Subsidiary of the Group, completed the bond issue with a nominal value of EUR130 million, maturity of 1011 days on 13 August 2020.

Koç 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, a Subsidiary of the Group, completed the bond issue, quoted on the London Stock Exchange, with a nominal value of USD700 million, maturity of 7 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 4,5% on 18 October 2017.

Koç Holding completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD750 million, maturity of 7 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 5,40% on 15 March 2016.

Arçelik, a Subsidiary of the Group, completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD500 million, maturity of 10 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 5,125% on 3 April 2013.

Tüpraş, a Subsidiary of the Group, signed three different loan agreements to finance the Fuel Oil Conversion Project in 2011. Within the scope of these loan agreements, USD1.988 million of loans are utilised for the insurance payments and capital expenditures between 2011 - 2015. The loans insured by the Spanish Export Credit Agency (CESCE) and the Italian Export Credit Agency (SACE) within the scope of financing package are non-recourse loans for 4 years and with a maximum 12 years maturity date. The third tranche is also a non-recourse loan for 4 years with a maximum 7 years maturity date. The repayment of these loans started in 2015 and the remaining balance of the mentioned loans is USD385 million as of 31 December 2021 (31 December 2020: USD576 million).

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NOTE 17 - BORROWINGS (Continued)

The redemption schedule of long-term financial liabilities is as follows:

	31 December 2021	31 December 2020
1-2 years	67.093.825	29.627.469
2-3 years	29.903.369	26.718.488
3-4 years	31.350.875	19.492.295
4-5 years	11.179.314	14.837.939
5 years and over	23.251.728	19.406.823
	162.779.111	**110.083.014**

Movement of the financial liabilities as of 31 December 2021 and 2020 is as follows:

	2021	2020
Beginning of the period - 1 January	**181.807.244**	**60.296.091**
Additions	82.825.759	93.336.271
Repayments of borrowings	(60.102.166)	(97.865.167)
Business combinations (Note 3)	284.224	104.433.891
New lease contracts / impact of lease modifications	1.161.997	622.560
Cash outflows from payments of lease liabilities	(1.380.805)	(790.372)
Change in exchange rates	79.822.239	18.395.718
Change in interest accruals	1.283.334	5.731.309
Currency translation differences	2.566.840	857.186
Consolidation eliminations and adjustments	(1.979.026)	(3.210.243)
End of the period - 31 December	**286.289.640**	**181.807.244**

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NOTE 18 - PAYABLES OF FINANCE SECTOR OPERATIONS

	31 December 2021	31 December 2020
Short-term payables to finance sector operations	445.328.125	274.101.362
Long-term payables to finance sector operations	5.845.587	3.069.577
	451.173.712	**277.170.939**

Breakdown of payables to finance sector operations is as follows:

	31 December 2021			31 December 2020		
	Demand	Time	Total	Demand	Time	Total
TL deposits						
Saving deposits	22.116.407	53.764.236	75.880.643	14.237.372	45.300.790	59.538.162
Commercial deposits	14.196.402	38.170.485	52.366.887	11.075.227	21.263.847	32.339.074
Interbank deposits	218.333	5.354.260	5.572.593	279.641	4.413.447	4.693.088
Funds deposited under repurchase agreements	-	48.577.736	48.577.736	-	25.215.811	25.215.811
Public sector deposits	1.832.847	69.680	1.902.527	1.235.151	22.227	1.257.378
	38.363.989	**145.936.397**	**184.300.386**	**26.827.391**	**96.216.122**	**123.043.513**
Foreign currency deposits						
Saving deposits	78.639.916	77.262.597	155.902.513	37.024.581	54.666.486	91.691.067
Commercial deposits	60.090.137	44.530.667	104.620.804	30.749.719	28.482.008	59.231.727
Interbank deposits	1.564.719	25	1.564.744	340.710	49.464	390.174
Funds deposited under repurchase agreements	-	4.785.265	4.785.265	-	2.814.458	2.814.458
	140.294.772	**126.578.554**	**266.873.326**	**68.115.010**	**86.012.416**	**154.127.426**
	178.658.761	**272.514.951**	**451.173.712**	**94.942.401**	**182.228.538**	**277.170.939**

NOTE 19 - TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Current income tax liabilities	5.228.893	3.762.667
Less: Prepaid income tax	(2.663.714)	(2.175.488)
Current income tax liabilities (net)	**2.565.179**	**1.587.179**
Deferred tax assets	13.056.562	9.812.215
Deferred tax liabilities	(2.606.687)	(1.258.612)
Deferred tax assets (net)	**10.449.875**	**8.553.603**

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 2021 (2020: 22%). Corporation tax is payable on the total income of the company after adjusting for certain disallowable expenses, income not subject to tax and allowances.

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

The law on amending the Tax Procedure Law and the Corporate Tax Law has been enacted on 20 January 2022 with the code numbered 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in 2021 and 2022, including the temporary accounting periods, and in the provisional tax periods in 2023, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies in the scope of TFRS on 20 January 2022, and it has been stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

Income tax expenses in the consolidated income statements are summarised as follows:

	2021	2020
Current period tax expense	(5.302.116)	(3.819.493)
Deferred tax income (net)	2.358.172	2.612.988
	(2.943.944)	**(1.206.505)**
Profit before tax	**29.128.716**	**13.839.802**
Less: Share of profit/loss of Joint Ventures	(5.879.657)	(2.966.673)
Profit before tax (excluding share of profit/(loss) of Joint Ventures)	**23.249.059**	**10.873.129**
Domestic tax rate	25%	22%
Tax calculated at domestic tax rate	(5.812.265)	(2.392.088)
Investment tax credits	2.447.345	847.222
Tax allowances/exemptions	884.603	780.122
Additions	(559.302)	(75.614)
Tax rate differences /changes	62.678	(284.042)
Tax losses and other tax advantages (net effect)	(45.780)	(104.953)
Other	78.777	22.848
Tax income/(expense)	**(2.943.944)**	**(1.206.505)**

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Koç Holding, its Subsidiaries and Joint Ventures, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Property, plant and equipment and intangible assets	15.123.519	13.065.961	(3.463.133)	(2.600.563)
Investment incentives (*)	-	-	6.736.820	4.988.546
Expected credit losses for loans and receivables	(18.575.650)	(12.520.303)	3.907.826	2.528.641
Deductible tax losses and other tax advantages	(4.512.721)	(4.874.269)	1.042.163	1.157.950
Provision for employment termination benefits	(2.534.306)	(1.539.193)	528.183	314.667
Provision for the pension fund obligations	(1.813.098)	(1.461.542)	362.620	292.308
Warranty and assembly provisions	(1.529.460)	(1.193.179)	351.848	251.663
Inventories	(1.177.075)	(852.948)	336.503	228.559
Unearned finance income (net)	(1.440.195)	(79.033)	329.897	16.312
Provisions for unused vacations	(300.815)	(276.496)	61.538	56.913
Deferred income	(196.785)	(135.590)	60.202	31.253
Expense accruals (net)	(120.696)	(90.999)	29.776	19.825
Provisions for lawsuits	(115.969)	(41.165)	26.920	9.004
Derivative instruments	3.865.456	(4.614.842)	(881.553)	928.242
Other (net)	(4.563.378)	(1.508.121)	1.020.265	330.283
Deferred tax assets (net)			**10.449.875**	**8.553.603**

(*) 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. In accordance with the related investment incentives, tax credits of TL6.264.160 thousand as of 31 December 2021 (31 December 2020: TL4.546.105 thousand) that Tüpraş will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Gains of Arçelik, arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that the investment reaches to the contribution amount. In accordance with the related investment incentives, tax credits of TL386.422 thousand as of 31 December 2021 (31 December 2020: TL409.654 thousand) that Arçelik will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Otokar, a Subsidiary of the Group, was granted an investment certificate by the Incentive Implementation and Foreign Investment Department of Ministry of Industry and Technology of Republic of Turkey for its modernisation investment which is intended to be completed in four-year period. In accordance with the related investment certificate, tax credits of TL86.238 thousand as of 31 December 2021 (31 December 2020: TL32.787 thousand) that Otokar will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

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.

The redemption schedule of carry forward tax losses which are not considered in deferred tax calculation is as follows:

	31 December 2021	31 December 2020
Up to 1 year	368.984	211.148
Up to 2 years	177.758	67.569
Up to 3 years	141.926	101.960
Up to 4 years	398.853	201.016
5 years and above	801.876	790.087
	1.889.397	**1.371.780**

Movements in deferred tax assets/(liabilities) are as follows:

	2021	2020
Beginning of the period - 1 January	**8.553.603**	**4.460.023**
Charge to the income statement	2.358.172	2.612.988
Charge to equity:		
- Gains/(losses) on financial assets measured at fair value through other comprehensive income	(322.559)	(44.994)
- Gains/(losses) on cash flow hedges	(404.040)	(487.199)
- Gains/(losses) on hedges of net investments in foreign operation	733.190	199.948
- Gains/(losses) on remeasurements of defined benefit plans	153.659	46.081
Business combinations (Note 3)	(335.320)	1.825.190
Currency translation differences	(286.830)	(58.434)
End of the period - 31 December	**10.449.875**	**8.553.603**

NOTE 20 - PROVISIONS FOR EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
Provision for employment termination benefits	2.662.219	1.639.770
Provision for the pension fund	1.813.098	1.461.542
Provision for unused vacations	423.962	333.426
	4.899.279	**3.434.738**

Provision for employment termination benefits:

- Domestic	2.244.814	1.603.804
- Foreign	417.405	35.966
	2.662.219	**1.639.770**

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NOTE 20 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

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 2021, the amount payable consists of one month's salary limited to a maximum of TL8.284,51 (31 December 2020: TL7.117,17) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of Koç Holding and its Subsidiaries registered in Turkey arising from the retirement of employees.

The principal assumption is that the maximum liability for each year of service will increase in line with the inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL10.848,59 effective from 1 January 2022 (1 January 2021: TL7.638,96) has been taken into consideration in calculating the consolidated reserve for employment.

TFRS require actuarial valuation methods to be developed to estimate the obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the Subsidiaries within the scope of consolidation.

	31 December 2021	31 December 2020
Net discount rate (%)	4,45	4,63
Turnover rate to estimate the probability of retirement (%)	95,09	94,74

Movements in the provision for employment termination benefits are as follows:

	2021	2020
Beginning of the period - 1 January	**1.639.770**	**776.735**
Increases during the period	397.113	205.648
Losses on remeasurement of defined benefit plans	421.399	230.595
Payments during the period	(234.209)	(169.348)
Business combinations	223.995	528.279
Interest expense	82.346	60.125
Currency translation differences	131.805	7.736
End of the period - 31 December	**2.662.219**	**1.639.770**

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NOTE 20 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

Provision for the pension fund:

Yapı Kredi Bankası, a Subsidiary of the Group, accounted for a provision amounting to TL1.813.098 thousand (31 December 2020: TL1.461.542 thousand) as of 31 December 2021 for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,80% determined by the New Law and CSO 1980 mortality table (Note 2.4.22). The following disclosures reflect the actuarial parameters and results in accordance with the New Law.

	31 December 2021	**31 December 2020**
Present value of funded obligations	5.227.518	4.255.790
- Pension benefits transferable to SSI	*5.554.489*	*4.564.310*
- Post-employment medical benefits transferable to SSI	*(326.971)*	*(308.520)*
Fair value of plan assets	(3.414.420)	(2.794.248)
	1.813.098	**1.461.542**

The fair value of plan assets are comprised as follows:

	31 December 2021	**%**	**31 December 2020**	**%**
Bank placements	1.721.091	51,00	1.620.269	58,00
Government bonds and treasury bills	1.177.492	34,00	754.788	27,00
Property, plant and equipment	385.718	11,00	290.223	10,00
Other	130.119	4,00	128.968	5,00
	3.414.420	**100,00**	**2.794.248**	**100,00**

The principal actuarial assumptions used are as follows:

	31 December 2021	**31 December 2020**
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%	(12,1)
Discount rate -1%	15,2
Price inflation +1%	15,6
Price inflation -1%	(12,6)

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NOTE 21 - PROVISIONS

a) Short-term provisions	31 December 2021	31 December 2020
Provisions for warranty and assembly	1.614.957	854.016
Provision for price revision (*)	440.573	249.205
Expense accruals of construction contracts	323.467	189.553
Provisions for transportation	262.903	96.963
Provisions for lawsuits and penalties	210.887	90.362
Provision for Energy Market Regulation Authority participation share	88.760	46.692
Other	756.952	351.839
	3.698.499	**1.878.630**

(*) 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, effective from 1 January 2017, the import price would be adjusted in favor of Gazprom, and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Toptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Toptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Toptan Satış A.Ş. as the contract price is updated retrospectively as of 1 January 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Toptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of 31 December 2021, total provision of USD33.949 thousand (TL440.573 thousand (31 December 2020: TL249.205 thousand)), USD15.368 thousand for 2017, USD18.582 thousand for 2018, has been recognised in the consolidated financial statements.

b) Other long-term provisions	31 December 2021	31 December 2020
Provisions for non-cash loans	1.720.325	1.062.888
Provisions for warranty	391.523	289.640
Provisions for lawsuits and penalties	199.849	134.514
Provisions for credit card points	65.863	64.693
Other	71.795	-
	2.449.355	**1.551.735**

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NOTE 21 - PROVISIONS (Continued)

The movements of provision for non-cash loans, provisions for warranty and assembly, expense accruals of construction contracts and provision for lawsuits for the years ended 31 December 2021 and 2020 are as follows:

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits and penalties
As of 1 January 2021	**1.062.888**	**1.143.656**	**189.553**	**224.876**
Additions	667.106	2.555.231	133.914	198.760
Disposals/(payments)	(11.489)	(2.056.944)	-	(12.370)
Business combinations	-	70.722	-	-
Currency translation differences	1.820	293.815	-	(530)
As of 31 December 2021	**1.720.325**	**2.006.480**	**323.467**	**410.736**

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits and penalties
As of 1 January 2020	-	**759.284**	**162.996**	**71.376**
Business combinations	925.841	-	-	130.765
Additions	178.584	448.150	26.557	50.861
Disposals/(payments)	(41.301)	(66.029)	-	(28.261)
Currency translation differences	(236)	2.251	-	135
As of 31 December 2020	**1.062.888**	**1.143.656**	**189.553**	**224.876**

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NOTE 22 - OTHER RECEIVABLES AND PAYABLES

a) Other receivables	31 December 2021	31 December 2020
VAT and SCT receivables	5.058.094	1.336.388
Taxes and funds deductible	1.527.125	857.536
	6.585.219	**2.193.924**

b) Other short-term payables		
Taxes and duties payable	4.219.383	3.567.023
Social security premiums payable	284.851	231.370
Payables to the Privatisation Administration (*)	226.097	244.656
Dividend payables to shareholders	48.066	32.652
	4.778.397	**4.075.701**

c) Other long-term payables		
Payables to the Privatisation Administration (*)	-	207.350
	-	**207.350**

(*) Operating right for a period of 49 years of Menzelet and Kılavuzlu Hydroelectric Power Plants, that was acquired through the privatisation tender on 19 September 2017 with a total consideration of TL1.276.000 thousand, was taken over by Menzelet Kılavuzlu Elektrik Üretim A.Ş., of which 100% of shares are owned by Entek, following the payment of TL446.600 thousand to Privatisation Administration ("PA") that corresponds to 35% of the total tender price on 9 March 2018. The remaining amount will be paid to PA until 2022 in 4 equal installments with an annual interest rate of 11%.

NOTE 23 - OTHER ASSETS AND LIABILITIES

a) Other current assets	31 December 2021	31 December 2020
Pledged assets (*)	28.032.131	13.446.737
Advances given	4.335.485	1.162.363
Interbank cheque clearing accounts	3.902.414	2.668.690
Short-term assets used in operational lease	3.090.489	1.649.508
Prepaid expenses	2.923.529	2.945.613
Income accruals	2.491.858	1.082.312
Gold reserves	1.406.821	633.044
Assets received for commitments of loans and receivables	1.354.937	724.207
Deposits and guarantees given	214.878	178.792
Other	643.695	318.302
	48.396.237	**24.809.568**

(*) Includes collaterals given by Yapı Kredi Bankası, a Subsidiary of the Group, to the counter parties of derivative transactions.

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NOTE 23 - OTHER ASSETS AND LIABILITIES (Continued)

The movement of short-term assets used in operational lease is as follows:

	2021	2020
Beginning of the period - 1 January	**1.649.508**	**1.175.462**
Additions	1.944.428	1.060.931
Transfers (*)	(492.346)	(551.816)
Currency translation differences	162.489	63.665
Current period depreciation	(173.590)	(98.734)
End of the period - 31 December	**3.090.489**	**1.649.508**

(*) Includes transfers to inventories.

b) Other non-current assets	**31 December 2021**	**31 December 2020**
Advances given	2.173.938	1.181.465
Spare parts and other materials	1.898.484	1.780.871
Prepaid expenses	42.373	91.183
Other	153.494	89.195
	4.268.289	**3.142.714**

c) Other current liabilities		
Credit card payables	19.072.096	12.785.096
Deposits and guarantees received	4.854.404	590.783
Interbank clearing accounts	4.595.599	2.826.822
Accruals for sales and incentive bonus	3.618.319	1.632.061
Revenue share (*)	2.730.078	2.210.451
Deferred income	1.289.726	1.093.320
Miscellaneous payables to bank customers	1.256.034	808.603
Payables to personnel and premium accruals	1.251.782	881.103
Advances received	1.107.218	1.067.752
Import deposits and transfer orders	745.879	457.953
Expense accrual on commodity hedge	528.339	247.432
Accruals for rent and advertising expenses	384.055	157.263
License fee expense accruals	246.436	105.931
Saving deposit insurance fund payable	155.704	121.348
Liabilities related to business combinations (Note 3)	94.705	-
Blocked accounts	64.719	93.766
Other	3.268.773	2.303.945
	45.263.866	**27.383.629**

(*) In accordance with the Petroleum Market License Regulation and Liquefied Petroleum Gas ("LPG") Market Regulation, revenue shares collected by Tüpraş, but not recognised in the statement of comprehensive income, have been recorded as revenue share within "Other current liabilities" and blocked in banks as overnight deposits according to the decision of National Petroleum Reserves Commission. Deposits related to the revenue share are classified as time deposits under "Cash and cash equivalents" (Note 5).

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NOTE 23 - OTHER ASSETS AND LIABILITIES (Continued)

d) Other non-current liabilities	31 December 2021	31 December 2020
Deferred income	1.281.387	778.194
Deposits and guarantees received	370.611	236.905
Other	381.133	168.356
	2.033.131	**1.183.455**

NOTE 24 - EQUITY

Share Capital

Koç Holding adopted the registered share capital system and its registered and issued share capital is as follows:

	31 December 2021
Limit on registered share capital (historical)	5.000.000
Issued share capital in nominal value	2.535.898

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.

The shareholding structure of Koç Holding is as follows:

	31 December 2021		31 December 2020	
	Share %	Amount	Share %	Amount
Temel Ticaret ve Yatırım A.Ş.	43,65	1.106.970	43,65	1.106.970
Koç Family Members	19,24	487.895	19,24	487.895
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	1,40	35.386	1,40	35.386
Total Koç Family members and companies owned by Koç Family members	**64,29**	**1.630.251**	**64,29**	**1.630.251**
Vehbi Koç Vakfı	7,26	184.172	7,26	184.172
Koç Holding Emekli ve Yardım Sandığı Vakfı	1,99	50.452	1,99	50.452
Treasury shares (1)	0,04	890	-	-
Other	26,42	670.133	26,46	671.023
Paid-in share capital	**100,00**	**2.535.898**	**100,00**	**2.535.898**
Adjustment to share capital (2)		967.288		967.288
Total share capital		**3.503.186**		**3.503.186**

(1) Refers to shares that have been repurchased and publicly traded as of 31 December 2021.

(2) Adjustment to share capital includes the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with TAS 29 and fair value differences of share issues within the context of acquisitions and mergers.

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NOTE 24 - EQUITY (Continued)

The analysis of shares by group is as follows:

Group	Unit of shares	TL'000	Nature of shares
A	67.877.342.230	678.773	Registered
B	185.712.462.770	1.857.125	Registered
		2.535.898	

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 the related decision, considering the transactions that were cleared as of 31 December 2021, shares with a nominal value of TL890 thousand corresponding to 0,04% of Koç Holding's share capital were repurchased with a total cost of TL19.066 thousand including the transaction costs. No treasury shares have been sold as of the issue date of this report.

Other Comprehensive Income/Expense

	31 December 2021	31 December 2020
Items not to be reclassified to profit/loss:		
Gains/(losses) on remeasurement of defined benefit plans	(620.039)	(278.721)
	(620.039)	**(278.721)**
Items to be reclassified to profit/loss:		
Currency translation differences	8.462.677	3.173.469
Gains/(losses) on hedge	(3.864.651)	(2.395.325)
- Cash flow hedge	*(1.525.880)*	*(1.492.778)*
- Net investment hedge	*(2.338.771)*	*(902.547)*
Gains/(losses) on financial assets measured at fair value through other comprehensive income	1.036.806	389.096
	5.634.832	**1.167.240**

The movements in other comprehensive income/expenses are presented in the statement of comprehensive income and statement of changes in equity.

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NOTE 24 - EQUITY (Continued)

Restricted Reserves

The details of the restricted reserves are as follows:

	31 December 2021	31 December 2020
Legal reserves	507.179	507.179
Reserves for treasury shares (*)	19.066	-
Special reserves	12.141	16.586
	538.386	**523.765**

(*) In accordance with the TCC and CMB regulations, reserves are provided for the treasury shares in an amount corresponding to their purchase price. In this context, reserves for treasury shares, amounting to TL19.066 thousand including the transaction costs (31 December 2020: None), were provided within the restricted reserves in the consolidated financial statements as of 31 December 2021.

Within the scope of the Exemption for Sale of Property and Participation Shares, the gains in statutory financial statements arising from the sale of investments and sale of properties have been classified under "Special Reserves".

Dividend Distribution

Listed companies in BIST are subject to dividend regulations of CMB as follows:

According to the Article 19 of the Capital Market Law, numbered 6362 and Dividend Communiqué of CMB, numbered II-19.1, listed companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the prevailing regulations. Regarding the profit distribution policies of the listed companies, CMB may set different principles on companies with similar qualifications.

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are set aside; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

For the listed companies, dividend distribution is made evenly to all existing shares as of the date of dividend distribution without considering the dates of issuance and acquisition of the shares.

Companies shall distribute their profits through general assembly decisions in accordance with the profit distribution policies to be determined by their general assemblies as well as the related provisions of the prevailing regulations. A minimum distribution rate has not been determined in these regulations. The companies pay dividends as determined in their articles of associations or profit distribution policies. Furthermore, dividends may be paid in installments with same or different amounts and profit share advances may be distributed over the profit in the interim financial statements.

In accordance with profit distribution policy of Koç Holding, as long as regulatory policies and financial conditions permit, 5% of distributable profit of the period is paid in cash to the shareholders after taking market expectations, long term Group strategies, capital needs of the Company, associates and subsidiaries, investing and financing policies, profitability and cash position into the consideration.

In accordance with Article 32 of the Company's Articles of Association, a contribution of a maximum 2% (according to the decision of the General Assembly) of the amount remaining after the first legal reserves set aside over income before tax, financial obligations and first level dividends, is paid to Koç Holding Emekli ve Yardım Sandığı Vakfı. In addition, save for the first level dividend determined according to the Capital Markets Law, 3% of the amount remaining after the first legal reserves, financial obligations and 5% of the paid-in capital are deducted from the income before tax, is allocated to holders of dividend-right certificates. However, the amount to be paid to the holders of dividend-right certificates may not exceed 1/10 of the amount remaining after the first legal reserves and first level dividend calculated according to CMB regulations are deducted from the net profit.

As of 31 December 2021, total amount of reserves that can be subject to dividend distribution without creating additional corporate tax burden is TL12.746.762 thousand.

At the Ordinary General Assembly Meeting of Koç Holding held on 9 April 2021, it was decided to distribute TL1.483.500.359,25 dividend to shareholders, TL274.373.252,93 dividend to usufruct shareholders and TL12.000.000 dividend to Koç Holding Emekli ve Yardım Sandığı Vakfı from taxable earnings of 2020. Cash dividend payments were completed as of 14-16 April 2021.

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NOTE 25 - ASSETS HELD FOR SALE

4 trading areas and 24 office areas delivered to Koç Holding amounting to TL35.320 thousand within the scope of the project realised jointly with KİPTAŞ, have been classified as assets held for sale since they are intended to be sold in the short term.

A summary of information regarding assets held for sale and liabilities related to assets held for sale is as follows:

Assets held for sale	31 December 2021	31 December 2020
Cash and cash equivalents	-	3.976
Inventories	-	57.867
Property, plant and equipment	-	101.213
Intangible assets	-	1.232
Investment properties	35.320	35.320
Other assets	-	1.713
	35.320	**201.321**

Liabilities related to assets held for sale		
Provision for employment termination benefits	-	7.745
Other liabilities	-	6.365
	-	**14.110**

NOTE 26 - REVENUE

Non-finance revenue

	2021	2020
Domestic revenue	182.324.611	95.152.987
Foreign revenue	91.328.077	47.382.899
Revenue	**273.652.688**	**142.535.886**
Sales of goods	264.549.825	137.900.950
Sales of services	9.102.863	4.634.936
Revenue	**273.652.688**	**142.535.886**

The Group has accounted for non-finance revenue amounting to TL272.517.724 thousand (2020: TL141.829.624 thousand) related to performance obligation at a point in time and TL1.134.964 thousand (2020: TL706.262 thousand) non-finance revenue related to performance obligation over time.

Revenue from finance sector operations

	2021	2020
Interest income	55.190.836	32.367.348
Fee and commission income	10.916.541	6.452.744
Other operating income	6.928.637	2.421.298
Revenue from finance sector operations	**73.036.014**	**41.241.390**

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NOTE 27 - EXPENSES BY NATURE

Expenses by nature include cost of goods sold, marketing expenses, general administrative expenses and research and development expenses.

	2021	2020
Raw materials and supplies	158.633.077	87.253.297
Changes in work in progress and finished goods	(10.577.993)	(1.036.816)
Cost of merchandise sold	63.153.094	22.350.581
Personnel expenses	17.379.680	12.108.854
Transportation, distribution and storage expenses	5.863.661	3.523.619
Depreciation and amortisation charges	5.285.513	4.063.559
Energy and utility expenses	4.044.195	2.645.132
Warranty and assembly costs	2.545.172	1.831.815
Advertisement and promotion expenses	2.319.062	1.398.157
Maintenance and repair expenses	1.761.243	1.208.751
Outsourcing expenses	1.366.402	922.544
Information systems and communication expenses	1.204.258	838.031
Litigation and consultancy expenses	872.464	607.877
Insurance expenses	807.545	573.668
Taxes, duties and charges	721.958	538.884
Rent expenses (*)	699.796	674.959
Saving Deposit Insurance Fund expenses	519.339	476.990
Sales, incentives and premium expenses	438.191	320.877
Royalty and license expenses	393.578	184.878
Travel expenses	334.009	231.431
Grants and donations	172.831	137.375
Other	2.459.777	2.082.275
	260.396.852	**142.936.738**

(*) In 2021, TL538.316 thousand (2020: TL568.134 thousand) of the rent expenses is related to variable leases, TL92.604 thousand (2020: TL76.553 thousand) is related to short-term leases and TL68.876 thousand (2020: TL30.272 thousand) is related to low-value leases.

The functional breakdowns of depreciation, amortisation and personnel expenses are as follows:

	2021	2020
Depreciation and amortisation charges		
Cost of sales	2.610.028	1.905.453
Marketing expenses	802.139	546.631
General administrative expenses	1.557.131	1.329.137
Research and development expenses	316.215	282.338
	5.285.513	**4.063.559**

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NOTE 27 - EXPENSES BY NATURE (Continued)

Total depreciation charges capitalised in 2021 amounted to TL86.496 thousand (2020: TL57.061 thousand).

	2021	2020
Personnel expenses		
Cost of sales	5.281.315	3.569.347
Marketing expenses	2.782.661	1.882.332
General administrative expenses	9.160.909	6.546.361
Research and development expenses	154.795	110.814
	17.379.680	**12.108.854**

Cost of finance sector operations

	2021	2020
Interest expense	35.945.311	17.364.626
Fee, commissions and other expenses	3.443.147	2.146.375
Cost of finance sector operations	**39.388.458**	**19.511.001**

Fees for Services Received from Independent Auditor/ Independent Audit Firms

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, is as follows:

	2021(*)	2020(*)
Independent audit fee	31.192	22.454
Tax consulting fee	6.473	4.240
Other assurance services fee	2.536	2.257
Other service fee apart from independent audit	483	168
	40.684	**29.119**

(*) The fees above have been determined through including the independent audit and other related service fees of all Subsidiaries and Joint Ventures and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

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NOTE 28 - OTHER OPERATING INCOME/(EXPENSES)

	2021	2020
Other operating income		
Foreign exchange gains arising from trading activities	10.341.540	3.369.022
Credit finance income arising from trading activities	1.285.754	617.502
Income from claims and grants	98.170	409.201
Reversals of provisions	95.282	65.548
Other	493.534	417.202
	12.314.280	**4.878.475**

Other operating expenses		
Foreign exchange losses arising from trading activities	(20.907.965)	(3.071.439)
Expected credit losses for loans and receivables	(8.443.577)	(8.128.253)
Credit finance charges arising from trading activities	(585.063)	(667.990)
Provisions for lawsuits and penalties	(336.601)	(380.789)
Other	(149.138)	(94.297)
	(30.422.344)	**(12.342.768)**

NOTE 29 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

	2021	2020
Gains from investment activities		
Gain on sale of property, plant and equipment and scraps (1)	310.770	199.858
Gain on bargain purchase (Note 3)	234.997	-
Rent income	82.348	57.264
Dividend income	8.967	-
Income arising from the change of control (2)	-	2.995.339
Termination fee income (3)	-	511.275
	637.082	**3.763.736**

(1) Includes TL89 million of asset sales gain of Tat Gıda, a Subsidiary of the Group, regarding to its milk and dairy products business as of 31 December 2021.

(2) Represents the income resulting from the change of control of Yapı Kredi Bankası due to the acquisition of additional 9,02% shares.

(3) Represents the termination fee paid by UniCredit S.P.A to Koç Holding and its Subsidiaries included in the scope of consolidation and having ownership interests in KFS, upon the termination of the shareholders agreement in line with the strategic goals of UniCredit S.P.A., which was executed among Koç Holding, UniCredit S.P.A and other parties in 2002.

Losses from investment activities		
Loss on sale of property, plant and equipment	(45.652)	(42.896)
Provision for impairment on property, plant and equipment	(5.482)	(97.279)
Loss on liquidation of a subsidiary	(2.831)	-
Provision for impairment on assets held for sale	-	(26.638)
Provision for impairment on subsidiaries	-	(22.756)
	(53.965)	**(189.569)**

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NOTE 30 - FINANCIAL INCOME/(EXPENSES)

	2021	2020
Financial income		
Foreign exchange gains [(1)]	29.524.684	13.024.563
Gains on derivative instruments	8.674.820	2.356.581
Interest income	1.629.049	962.548
Other financial income	63.247	20.353
	39.891.800	**16.364.045**
Financial expenses		
Foreign exchange losses [(1)]	(29.095.004)	(14.113.583)
Losses on derivative instruments	(10.216.980)	(3.866.350)
Interest expenses [(2)]	(6.621.071)	(4.851.363)
Other financial expenses	(88.131)	(99.031)
	(46.021.186)	**(22.930.327)**

(1) Foreign exchange income/(expenses) arising from trading activities (trade receivables and payables) are accounted for under "other operating income/(expenses)".

(2) In 2021, TL158.768 thousand of interest expense is related to lease liabilities (2020: TL158.809 thousand).

NOTE 31 - RELATED PARTY DISCLOSURES

a) Related party balances

	31 December 2021			31 December 2020		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Trade receivables	2.511.173	562.513	3.073.686	1.082.960	156.568	1.239.528
Trade payables	2.502.841	186.823	2.689.664	2.482.663	155.724	2.638.387
Loans and advances given	1.251.007	887.363	2.138.370	1.852.765	602.977	2.455.742
Deposits	5.567.595	13.305.759	18.873.354	4.387.722	9.568.162	13.955.884
Borrowings	-	111.844	111.844	-	127.688	127.688

b) Related party transactions

	2021			2020		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	41.455.492	335.076	41.790.568	15.761.882	288.031	16.049.913
Purchases of goods and services	12.497.524	1.345.685	13.843.209	10.937.876	656.539	11.594.415
Interest expense (-)	-	(26.294)	(26.294)	-	(31.078)	(31.078)

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.

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NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

As of 31 December 2021, TL1.454.306 thousand (31 December 2020: TL273.932 thousand) of trade receivables is composed of Tüpraş balances against Opet and THY Opet, TL388.357 thousand (31 December 2020: TL259.790 thousand) of trade receivables is composed of balances of Zer Ticaret and TL289.721 thousand (31 December 2020: TL148.675 thousand) of trade receivables is composed of balances of Ram Dış Ticaret arising from the sales transactions with Joint Ventures and other related parties not included in the scope of consolidation. TL2.148.081 thousand (31 December 2020: TL2.201.432 thousand) of trade payables is composed of balances due to vehicle purchases of Otokoç from Ford Otosan and Tofaş, and TL218.194 thousand (31 December 2020: TL198.207 thousand) of trade payables is composed of balances due to air conditioner purchases of Arçelik from Arçelik LG. Loans and advances given and deposit balances arise from loan and deposit transactions of Yapı Kredi Bankası, a Subsidiary of the Group, with Joint Ventures and other related parties.

TL35.760.248 thousand (31 December 2020: TL12.233.684 thousand) of sales of goods and services is composed of balances arising from the sales of Tüpraş' petroleum products to Opet and THY Opet for the year ended 31 December 2021. TL9.757.864 thousand (31 December 2020: TL9.280.322 thousand) of purchases of goods and services is composed of balances due to Otokoç's vehicle purchases from Ford Otosan and Tofaş, and TL1.192.283 thousand (31 December 2020: TL714.128 thousand) of purchases of goods and service is composed of transactions due to air conditioner purchases of Arçelik from Arçelik LG.

c) Key management compensation

The key management of Koç Holding is identified as the members of the Board of Directors (including the President), CEO and the Group Presidents. Total key management compensation incurred by Koç Holding in 2021 amounted to TL485.969 thousand (31 December 2020: TL313.334 thousand). TL25.816 thousand of the respective amount is related to the payments made for employee leaves and the remaining portion is comprised of short-term employee benefits (31 December 2020: The total amount is comprised of short-term employee benefits).

After charging the costs to Koç Group companies to whom services are provided, the cost incurred by Koç Holding A.Ş. amounted to TL184.455 thousand (31 December 2020: TL132.359 thousand). TL4.096 thousand of this amount is related to the payments made for employee leaves (31 December 2020: None).

NOTE 32 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES

Information regarding the Subsidiaries in which the Group has major non-controlling interests is as follows:

	31 December 2021			
Subsidiary	**Non-controlling interest %**	**Gains/(losses) attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Yapı Kredi Bankası	55,51%	5.607.494	35.729.703	250.134
Tüpraş	56,30%	1.665.582	3.879.057	20.020
Arçelik	57,13%	1.877.865	12.496.555	904.835
Aygaz	59,32%	108.662	927.737	88.973

	31 December 2020			
Subsidiary	**Non-controlling interest %**	**Gains/(losses) attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Yapı Kredi Bankası	55,51%	2.293.643	27.087.917	-
Tüpraş	56,30%	(1.311.779)	2.864.818	5.606
Arçelik	59,44%	1.649.960	8.221.973	27.086
Aygaz	59,32%	100.655	834.138	88.973

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NOTE 32 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)

Condensed financial information of Subsidiaries after consolidation adjustments and before eliminations is as follows:

Condensed balance sheet information:

	31 December 2021			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Cash and cash equivalents	155.621.360	20.400.237	16.014.589	1.693.433
Receivables from finance sector operations	414.686.390	-	-	-
Other current assets	69.995.277	45.028.579	43.580.219	2.944.921
Deferred tax assets	3.316.248	7.441.923	1.823.680	57.407
Other non-current assets	138.983.463	18.550.725	23.208.066	2.456.621
Total assets	**782.602.738**	**91.421.464**	**84.626.554**	**7.152.382**
Short-term borrowings	90.523.299	11.398.966	13.044.099	1.066.607
Payables to finance sector operations	473.291.059	-	-	-
Other current liabilities	46.508.994	52.589.258	27.457.523	2.794.725
Long-term borrowings	93.777.249	20.218.575	19.535.400	1.485.852
Other non-current liabilities	14.133.054	500.754	3.969.913	255.855
Total liabilities	**718.233.655**	**84.707.553**	**64.006.935**	**5.603.039**
Total equity	**64.369.083**	**6.713.911**	**20.619.619**	**1.549.343**

	31 December 2020			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Cash and cash equivalents	75.695.905	19.825.292	12.002.246	960.648
Receivables from finance sector operations	294.009.992	-	-	-
Other current assets	29.104.585	10.886.150	21.058.602	1.232.998
Deferred tax assets	3.112.258	5.664.300	833.284	912
Other non-current assets	87.587.561	18.071.770	12.307.687	2.276.775
Total assets	**489.510.301**	**54.447.512**	**46.201.819**	**4.471.333**
Short-term borrowings	46.876.820	8.541.740	10.230.876	567.173
Payables to finance sector operations	292.440.537	-	-	-
Other current liabilities	26.207.096	19.826.225	13.595.977	1.285.312
Long-term borrowings	64.872.529	20.743.323	6.844.348	997.017
Other non-current liabilities	10.312.796	423.651	1.837.487	215.558
Total liabilities	**440.709.778**	**49.534.939**	**32.508.688**	**3.065.060**
Total equity	**48.800.523**	**4.912.573**	**13.693.131**	**1.406.273**

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NOTE 32 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)

Condensed income statement information:

	2021			
	Yapı Kredi Bankası	**Tüpraş**	**Arçelik**	**Aygaz**
Revenue	72.710.996	150.962.226	68.184.437	15.893.254
Depreciation and amortisation	1.033.810	856.239	1.845.681	180.427
Operating profit	13.315.776	382.328	7.020.076	590.246
Net financial expense	-	995.653	(3.660.279)	(354.488)
Profit before tax	13.454.405	1.572.237	3.518.812	275.190
Net profit for the period	10.136.677	2.903.374	3.147.207	212.645

	2020			
	Yapı Kredi Bankası (*)	**Tüpraş**	**Arçelik**	**Aygaz**
Revenue	41.040.244	63.243.815	40.872.483	10.144.743
Depreciation and amortisation	876.033	813.594	1.221.648	153.751
Operating profit	5.502.257	(687.109)	4.821.431	278.410
Net financial expense	-	(3.148.557)	(1.571.478)	(148.368)
Profit before tax	5.602.669	(3.760.104)	3.365.001	225.133
Net profit for the period	4.132.145	(2.384.558)	2.752.327	169.695

(*) Yapı Kredi Bankası has been accounted for using the equity method in the consolidated financial statements until the change of control/closing date, and therefore related amounts include Company's profit/(loss) balances regarding the period which the Company is subject to full consolidation.

NOTE 33 - GOVERNMENT GRANTS

The Group is entitled to the following incentives and rights:

a) 100% exemption from customs duty on machinery and equipment imported,

b) Exemption from VAT on investment goods supplied from home and abroad,

c) Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),

d) Inward processing permission certificates,

e) Cash refund from Tübitak-Teydeb for research and development expenditures,

f) Exemption from taxes, duties and charges,

g) Discounted corporate tax incentive,

h) Insurance premium employer share incentive,

i) Corporate tax incentive within the scope of investment incentive exemption (Note 19),

j) Brand supporting government grants given by the Ministry of Economy of Turkey (Turquality),

k) Patent incentives.

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NOTE 34 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Guarantees given:

Finance:

Non-cash loans:

	31 December 2021	31 December 2020
Letters of guarantee	118.969.622	81.314.767
- TL	*40.320.133*	*31.993.113*
- Foreign currency	*78.649.489*	*49.321.654*
Letters of credit	26.319.956	9.340.321
Acceptance credits	545.822	238.025
Other	15.081.707	9.982.292
	160.917.107	**100.875.405**
Less: Provisions (Note 21.b)	(1.720.325)	(1.062.888)
	159.196.782	**99.812.517**

Non-Finance:

	31 December 2021	31 December 2020
Letters of guarantee	11.921.235	8.566.966
Letters of credit	15.973.753	3.953.337
Guarantees given to banks	2.548.868	1.113.948
Guarantorships given to banks	1.386.216	-
Other	550	50
	31.830.622	**13.634.301**

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NOTE 34 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals/pledges/mortgages/bill of guarantees ("CPMB") of Subsidiaries of the Group as of 31 December 2021 and 2020 are as follows (foreign currency CPMBs are presented by their TL equivalents):

	31 December 2021	31 December 2020
A. Total amount of CPMB's given in the name of its own legal personality	23.912.289	10.383.712
- TL	5.432.100	3.968.860
- USD	16.759.681	5.417.499
- EUR	1.476.193	839.855
- Other	244.315	157.498
B. Total amount of CPMB's given on behalf of the fully consolidated companies (1)	7.912.894	3.250.589
- TL	51.989	134.422
- USD	3.817.810	987.448
- EUR	1.698.608	1.207.093
- Other	2.344.487	921.626
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business (2)	160.922.546	100.875.405
- TL	41.183.283	32.512.148
- USD	58.461.909	27.889.758
- EUR	54.659.461	35.840.641
- Other	6.617.893	4.632.858
D. Total amount of other CPMB's given		
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C	-	-
- TL	-	-
- USD	-	-
- EUR	-	-
- Other	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
	192.747.729	**114.509.706**

(1) As of 31 December 2021, 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 TL20.843 thousand (31 December 2020: TL9.558 thousand).

(2) Significant portion of the amount is related to the CPMB's (non-cash loans) given by Yapı Kredi Bankası, a Subsidiary of the Group, to related and third parties within the scope of its ordinary business activities.

Finance:

Financial assets pledged as collateral:

As of 31 December 2021, 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 TL51.911.695 thousand (31 December 2020: TL29.672.528 thousand) are pledged to banks and other financial institutions against funds obtained under repurchase agreements, borrowed funds and total return swap transactions.

In addition, as of 31 December 2021, financial assets amounting to TL41.064.635 thousand (31 December 2020: TL21.435.802 thousand) are also pledged to regulatory authorities for legal requirements and other financial institutions as a guarantee for stock exchange and money market operations. These are mainly the CBRT, Borsa İstanbul, Settlement and Custody Bank and other various banks.

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NOTE 34 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees received:

Non-finance:

	31 December 2021	31 December 2020
Letters of guarantee	8.340.733	5.365.051
Mortgages	3.001.454	2.780.688
Direct crediting limit	1.639.985	1.174.041
Bill of guarantees	315.814	281.616
Guarantee notes	108.357	65.321
Other	1.499.964	1.311.980
	14.906.307	**10.978.697**

NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk, 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, industrial and geographical concentration and considering credit policies determined by the Board of the Directors each year. The limits defined by the Board of Directors for each bank are followed up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls for each Treasury Management employee authorised for market transactions are followed by the system. During the loan granting process, collaterals are taken considering the financial status of the customer and the type of loan requested. Liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analysed both by financial analysis specialists and head office. In addition, the pricing of these commitments are decided by coordination with the treasury management.

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Rating system used for corporate/commercial customers, medium sized entities and small and medium sized entities is also used for defining the authorisation level for loan granting. Thus, customers with a low rating are assigned to higher authority levels, whereas customers with a high rating are assigned to lower authority levels. By using this methodology, it is aimed to establish risk based optimisation in the loan processes. Furthermore, probability of default of a customer is calculated through this internally developed rating system created for customers with different characteristics.

There are control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with counterparty credit risk management. Yapı Kredi Bankası dynamically manages and calculates its limits by taking these potential risks into consideration. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments.

Yapı Kredi Bankası may use its rights, as stated in the agreements based on which the derivative transactions are realised, in order to eliminate the risks that may arise due to being exposed to severe risk levels arising from fluctuations in the market.

Non-finance:

The Group's non-finance sector companies are exposed to credit risk arising from their trade receivables, financial assets, derivative instruments and bank deposits.

Major portion of trade receivables stem from the dealers over which the Group exerts a significant control mechanism. Credit risk by dealer is followed up by taking into account the relevant customers' financial position, past experience and other related factors; and guarantees are obtained to the greatest extent possible.

Credit risk details

The exposure of consolidated financial assets to credit risk is as follows:

31 December 2021	**Trade receivables**	**Cash sector operations**	**Receivables from finance and cash equivalents**	**Financial assets**	**Derivative instruments**
Maximum exposure to credit risk as of reporting date (A+B+C+D)	**47.755.048**	**416.743.287**	**80.950.895**	**131.037.244**	**25.608.020**
A. Book value of neither past due nor impaired financial assets (1)	44.834.718	422.785.855	80.950.895	131.037.244	25.608.020
B. Book value of past due but not impaired financial assets	2.889.748	4.260.062	-	-	-
C. Net book value of impaired assets	59.704	5.763.333	-	-	-
- Past due	59.704	5.763.333	-	-	-
- Gross amount	1.332.489	20.212.509	-	-	-
- Impairment	(1.272.785)	(14.449.176)	-	-	-
- *Secured with guarantees*	*71.563*	*5.407.025*	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- *Secured with guarantees*	-	-	-	-	-
D. Expected credit losses (-) (2)	(29.122)	(16.065.963)	-	-	-

(1) Trade receivables and receivables from finance sector operations include related party balances amounting to TL3.073.686 thousand and TL2.138.370 thousand, respectively.

(2) Include expected credit losses related to receivables from finance sector operations classified under "A" and "B" categories in the table above.

As of 31 December 2021, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL160.917.107 thousand (Note 34). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL863.011.601 thousand.

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2020	Trade receivables	Receivables from finance sector operations	Cash and cash equivalents	Financial assets	Derivative instruments
Maximum exposure to credit risk as of reporting date (A+B+C+D)	**21.000.573**	**295.233.101**	**54.297.881**	**78.301.623**	**6.219.142**
A. Book value of neither past due nor impaired financial assets (1)	19.098.364	297.534.818	54.297.881	78.301.623	6.219.142
B. Book value of past due but not impaired financial assets	1.838.173	2.860.665	-	-	-
C. Net book value of impaired assets	87.210	5.977.353	-	-	-
- Past due	87.210	5.977.353	-	-	-
- Gross amount	941.014	19.618.014	-	-	-
- Impairment	(853.804)	(13.640.661)	-	-	-
- Secured with guarantees	*83.651*	*5.886.135*	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
D. Expected credit losses (-) (2)	(23.174)	(11.139.735)	-	-	-

(1) Trade receivables and receivables from finance sector operations include related party balances amounting to TL1.239.528 thousand and TL2.455.742 thousand, respectively.

(2) Include expected credit losses related to receivables from finance sector operations classified under "A" and "B" categories in the table above.

As of 31 December 2020, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL100.875.405 thousand (Note 34). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL555.927.725 thousand.

Trade receivables

a) Details of neither past due nor impaired trade receivables' credit quality:

	2021	2020
Customers with no payment defaults	38.140.577	15.997.890
Public institutions and corporations	4.047.024	1.277.934
Customers with prior collection delays	2.166.609	1.422.708
New customers (less than 3 months)	480.508	399.832
	44.834.718	**19.098.364**

As of 31 December 2021, trade receivables that are not due and not impaired amounting to TL18.989.901 thousand are secured by guarantees (2020: TL10.191.758 thousand).

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Analysis of past due trade receivables:

Not impaired	**2021**	**2020**
Past due up to 1 month	1.215.668	1.005.348
Past due 1-3 months	177.590	209.546
Past due 3-12 months	291.110	176.145
Past due more than 1 year	1.205.380	447.134
	2.889.748	**1.838.173**

As of 31 December 2021, past due but not impaired trade receivables amounting to TL1.048.390 thousand are secured by guarantees (2020: TL949.162 thousand).

Impaired	**2021**	**2020**
Past due up to 3 months	183.120	114.964
Past due 3-6 months	25.769	13.789
Past due 6-12 months	328.022	210.701
Past due more than 1 year	795.578	601.560
Less: Provision for impairment	(1.272.785)	(853.804)
	59.704	**87.210**

As of 31 December 2021, impaired receivables amounting to TL71.563 thousand are secured by guarantees (2020: TL83.651 thousand).

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Expected credit losses:

31 December 2021	**Not past due**	**0 - 1 month past due**	**More than 1 - 3 months past due**	**past due**	**3 months Total**
Expected loss rate (%)	0,004	0,06	0,30	0,98	
Period end balance (*)	41.761.032	1.278.279	298.099	2.645.859	45.983.269
Expected credit losses	1.567	800	894	25.861	29.122
31 December 2020					
Expected loss rate (%)	0,02	0,02	2,97	0,73	
Period end balance (*)	17.858.836	1.048.487	281.371	1.449.329	20.638.023
Expected credit losses	3.986	206	8.365	10.617	23.174

(*) Represents gross trade receivables excluding related party balances and impairment losses.

Receivables from finance sector operations

a) As of 31 December 2021, the rating concentration of undue corporate and commercial loans of Yapı Kredi Bankası is as follows:

		Concentration level (%)	
	Rating class	**31 December 2021**	**31 December 2020**
Above average	1 - 4	36,6%	59,2%
Average	5+ - 6	45,9%	34,8%
Below average	7+ - 9	17,5%	6,0%

b) Considering the scoring models, Yapı Kredi Bankası classifies its loan portfolio into the following groups as of 31 December 2021 and 2020:

31 December 2021	**% of loans and advances**	**Provision coverage (%)**
Stage 1	80,20%	0,91%
Stage 2	15,27%	18,76%
Stage 3	4,53%	71,45%

31 December 2020	**% of loans and advances**	**Provision coverage (%)**
Stage 1	78,67%	1,10%
Stage 2	15,17%	17,36%
Stage 3	6,16%	69,54%

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) The details of the receivables from finance sector operations that are past due but not impaired, which are classified as Stage 2, are as follows:

31 December 2021	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
Past due up to 1 month	492.112	1.096.954	231.769	10.401	4.791	1.836.027
Past due 1-3 months	710.539	1.311.393	232.328	55.046	48.169	2.357.475
Past due 3-6 months	53.473	11.750	1.337	-	-	66.560
	1.256.124	**2.420.097**	**465.434**	**65.447**	**52.960**	**4.260.062**

31 December 2020	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
Past due up to 1 month	413.940	450.101	257.846	252.666	885	1.375.438
Past due 1-3 months	547.624	390.419	101.786	43.061	9.323	1.092.213
Past due 3-6 months	235.419	126.215	24.440	6.940	-	393.014
	1.196.983	**966.735**	**384.072**	**302.667**	**10.208**	**2.860.665**

d) Sectoral breakdown of receivables from finance sector operations is as follows:

	31 December 2021	%	31 December 2020	%
Public sector	133.430.812	32	79.171.148	27
Production	107.978.952	26	77.674.255	26
Financial institutions	109.699.010	26	52.277.229	18
Food and retail	24.253.319	6	15.820.743	5
Real estate	11.879.549	3	8.208.649	3
Consumer loans	4.420.169	1	2.871.890	1
Other sectors	25.081.476	6	59.209.187	20
	416.743.287	**100**	**295.233.101**	**100**

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

B) Market Risk

a) Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Group are defined as the "Net foreign currency position" and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

The Group keeps the currency risk exposure within the limits set by Koç Holding, the Parent Company and within the limits approved by their Board of Directors. Derivative contracts such as swaps, options and forwards are also used as instruments for currency risk management for hedging purposes, when needed.

Assets and liabilities denominated in foreign currency are as follows:

	31 December 2021	31 December 2020
Assets	468.831.334	256.050.015
Liabilities	(577.214.828)	(318.456.873)
Net balance sheet position	**(108.383.494)**	**(62.406.858)**
Derivative instruments net position	76.511.505	49.952.359
Net foreign currency position	**(31.871.989)**	**(12.454.499)**
Loans designated as hedging instruments (1)	9.069.174	5.977.809
Net foreign currency position after hedging instruments	**(22.802.815)**	**(6.476.690)**
Inventories under the natural hedge (2)	25.343.006	7.532.609
Net foreign currency position after hedging instruments and natural hedge	**2.540.191**	**1.055.919**

(1) The loans of Tüpraş related to financing the Residuum Upgrade Project (RUP) are designated as hedging instruments against the spot foreign exchange rate risk (USD/TL) associated with highly probable USD denominated export revenues. The loans of Tüpraş which are subject to cash flow hedge amounted to USD388 million (TL5.170 million) as of 31 December 2021 (31 December 2020: USD594 million).

The USD denominated loans of Entek are designated as hedging instruments against the spot foreign exchange rate risk (USD/TL) associated with highly probable USD denominated revenue related to Renewable Energy Sources Support Mechanism ("YEKDEM"). The loans of Entek which are subject to cash flow hedge amounted to USD49,2 million (TL639 million) as of 31 December 2021.

Foreign exchange gains/losses related to the loans of Tüpraş and Entek are recognised under equity as "gains/losses on cash flow hedges" until the realisation of the cash flows at the hedged items.

Arçelik and Otokoç Hollanda, the Subsidiaries of the Group, designated EUR200 million (TL2.936 million) and EUR22 million (TL324 million) of bank loans, respectively, as hedging instruments in order to hedge the foreign currency risk arising from the translation of net assets of the subsidiaries operating in Europe from EUR to Turkish Lira (31 December 2020: Arçelik: EUR154 million - Otokoç: EUR25,7 million). Foreign exchange gains/losses of the related loans are recognised under equity as "gains/(losses) on net investment hedges" in order to offset the foreign exchange gains/(losses) arising from the translation of the net assets of investments in foreign operations to Turkish Lira.

(2) Tüpraş and Aygaz manage their foreign currency risk resulting from their net financial liabilities by reflecting the effects of the changes in foreign currencies to their selling prices of petroleum products ("natural hedge"). As of 31 December 2021, Tüpraş and Aygaz have raw materials and petroleum products amounting to TL24.197.942 thousand (31 December 2020: TL7.220.776 thousand) and TL1.145.064 thousand (31 December 2020: TL311.833 thousand), respectively.

Excluding the loans designated as hedging instruments and the inventories under the natural hedge, the Group has TL2.540.191 thousand (USD196 million) foreign exchange net long position as of 31 December 2021.

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2021, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL2.237.937 thousand lower, mainly as a result of foreign exchange losses on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses on the net profit (attributable to equity holders) is approximately TL682 million.

The impact of 10% exchange increase in income statement (pre-tax profit):

	USD	EUR	Other	Total
31 December 2021				
Foreign currency net position (*)	(2.729.016)	217.636	273.443	(2.237.937)

(*) Profit before tax impacts arising from foreign exchange positions of Joint Ventures have been included in the sensitivity analysis.

Above sensitivity analysis has been performed by taking "net foreign currency position after hedging instruments" into account and based on a scenario of a sudden increase in exchange rates as of the balance sheet date. Therefore, related analysis does not include the profitability that will arise in the following months, via the reflection of the exchange rate increase on the sales prices of the products defined as "natural hedges". If "net foreign currency position after hedging instruments and the natural hedge" is taken into account, which is followed by the Group in the context of risk management policies, a possible 10% increase in foreign exchange rates would have a limited effect on Group's pre-tax profitability, since the net position after natural hedge is limited.

The impact of 10% exchange increase in other comprehensive income statement (pre-tax profit):

	USD	EUR	Other	Total
31 December 2021				
Hedged items (*)	(580.904)	(981.406)	-	(1.562.310)

(*) Related balances include foreign exchange impacts which are within the scope of cash flow hedge and net investment hedge in foreign operations and which are recognised under the hedging reserve.

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021			
	USD (1)	EUR (1)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Trade receivables (2)	615.477	716.254	4.397.686	22.901.290
Receivables from finance sector operations	2.343.329	2.673.338	4.166.637	73.827.938
Monetary financial assets	8.590.815	2.981.474	11.305.691	166.567.886
Non-monetary assets	6.401	352	114.137	202.374
Other assets	1.935.732	529.113	1.473.517	34.363.085
Current assets	**13.491.754**	**6.900.531**	**21.457.668**	**297.862.573**
Receivables from finance sector operations	4.187.312	3.687.420	620.897	109.101.546
Monetary financial assets	3.669.978	556.761	2.052.568	57.854.240
Other assets	176.585	110.421	100.084	4.012.975
Non-current assets	**8.033.875**	**4.354.602**	**2.773.549**	**170.968.761**
Total assets	**21.525.629**	**11.255.133**	**24.231.217**	**468.831.334**
Liabilities:				
Trade payables (2)	3.859.821	492.639	1.015.945	58.339.847
Borrowings	4.447.788	1.499.640	90.858	79.830.198
Payables of finance sector operations	11.979.689	6.118.360	27.914.923	273.212.932
Other liabilities	537.285	438.578	115.582	13.527.535
Short-term liabilities	**20.824.583**	**8.549.217**	**29.137.308**	**424.910.512**
Borrowings	9.284.143	1.403.702	213.513	141.308.054
Payables of finance sector operations	16.232	381.260	1.939	5.810.358
Other liabilities	317.535	71.105	21.103	5.185.904
Long-term liabilities	**9.617.910**	**1.856.067**	**236.555**	**152.304.316**
Total liabilities	**30.442.493**	**10.405.284**	**29.373.863**	**577.214.828**
Net balance sheet position	**(8.916.864)**	**849.849**	**(5.142.646)**	**(108.383.494)**
Derivative assets	8.925.295	1.260.491	17.414.288	151.749.223
Derivative liabilities	(2.530.374)	(2.238.503)	(9.533.419)	(75.237.718)
Derivative instruments net position	**6.394.921**	**(978.012)**	**7.880.869**	**76.511.505**
Net foreign currency position	**(2.521.943)**	**(128.163)**	**2.738.223**	**(31.871.989)**
Loans designated as hedging instruments (3)	**437.118**	**222.045**	**-**	**9.069.174**
Net foreign currency position after hedging instruments	**(2.084.825)**	**93.882**	**2.738.223**	**(22.802.815)**
Net foreign currency position of monetary items	(2.528.344)	(128.515)	2.624.086	(32.074.363)
Fair value of derivative instruments held for hedging	(62.856)	(5.825)	-	(901.236)

(1) Presented in original currencies.

(2) Represents balances before consolidation eliminations.

(3) Includes loans of Tüpraş, Arçelik, Otokoç and Entek designated as hedging instruments.

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2020			
	USD [(1)]	EUR [(1)]	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Trade receivables [(2)]	514.086	605.976	2.447.114	11.679.328
Receivables from finance sector operations	2.222.544	3.016.483	2.276.572	45.763.328
Monetary financial assets	6.823.427	2.620.670	6.829.203	80.523.307
Non-monetary assets	4.128	275	42.257	75.035
Other assets	1.183.676	698.862	621.873	15.605.938
Current assets	**10.747.861**	**6.942.266**	**12.217.019**	**153.646.936**
Receivables from finance sector operations	5.131.102	3.741.644	350.904	71.720.109
Monetary financial assets	3.360.647	277.049	1.203.097	28.367.561
Other assets	129.048	146.924	44.658	2.315.409
Non-current assets	**8.620.797**	**4.165.617**	**1.598.659**	**102.403.079**
Total assets	**19.368.658**	**11.107.883**	**13.815.678**	**256.050.015**
Liabilities:				
Trade payables [(2)]	2.374.129	383.228	416.748	21.296.124
Borrowings	2.914.644	1.903.242	69.619	38.608.777
Payables of finance sector operations	11.577.210	5.931.598	17.573.733	155.987.484
Other liabilities	232.664	202.809	57.429	3.592.188
Short-term liabilities	**17.098.647**	**8.420.877**	**18.117.529**	**219.484.573**
Borrowings	11.223.844	1.099.563	91.396	92.384.780
Payables of finance sector operations	60.721	290.267	2.888	3.063.302
Other liabilities	340.054	138.495	11.432	3.524.218
Long-term liabilities	**11.624.619**	**1.528.325**	**105.716**	**98.972.300**
Total liabilities	**28.723.266**	**9.949.202**	**18.223.245**	**318.456.873**
Net balance sheet position	**(9.354.608)**	**1.158.681**	**(4.407.567)**	**(62.406.858)**
Derivative assets	10.699.723	1.201.646	9.229.030	98.594.654
Derivative liabilities	(3.096.008)	(2.510.567)	(3.301.113)	(48.642.295)
Derivative instruments net position	**7.603.715**	**(1.308.921)**	**5.927.917**	**49.952.359**
Net foreign currency position	**(1.750.893)**	**(150.240)**	**1.520.350**	**(12.454.499)**
Loans designated as hedging instruments [(3)]	593.982	179.585	-	5.977.809
Net foreign currency position after hedging instruments	**(1.156.911)**	**29.345**	**1.520.350**	**(6.476.690)**
Net foreign currency position of monetary items	(1.755.021)	(150.515)	1.478.093	(12.529.534)
Fair value of derivative instruments held for hedging	(80.800)	(10.521)	-	(687.882)

(1) Presented in original currencies.

(2) Represents balances before consolidation eliminations.

(3) Includes loans of Tüpraş, Arçelik and Otokoç designated as hedging instruments.

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Export and import details (TL Equivalent)

Group's consolidated export and import balances are as follows:

Export	**2021**	**2020**
USD	37.561.540	19.825.669
EUR	14.357.609	9.751.440
Other	6.745.466	4.354.691
	58.664.615	**33.931.800**
Import		
USD	139.341.986	59.233.120
EUR	5.574.141	3.637.497
Other	34.840	37.278
	144.950.967	**62.907.895**

b) Interest Rate Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest and short-long term nature of borrowings as well as using derivative instruments for hedging purposes.

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis of Yapı Kredi Bankası, a Subsidiary of the Group, regarding the effect of interest rate fluctuations on the financial statements are performed by the Risk Management Department for all interest sensitive instruments. The results of studies such as time analysis, difference analysis, base point value analysis, scenario analysis and net interest income simulations are presented to the Board of Directors monthly within the scope of the Asset-Liability Management function. By using sensitivity and scenario analyses, the possible effects on the equity are analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are also closely monitored.

The weighted average effective annual interest rates (%) for the consolidated financial assets and liabilities outstanding as of 31 December 2021 and 2020 are as follows:

	31 December 2021			**31 December 2020**		
	USD	**EUR**	**TL**	**USD**	**EUR**	**TL**
Assets						
Cash and cash equivalents	0,83	0,60	19,94	1,81	0,54	17,44
Financial assets						
- Measured at fair value through profit or loss	3,43	3,87	15,57	6,17	3,54	15,59
- Measured at fair value through other comprehensive income	6,27	3,32	28,75	5,64	3,26	15,72
- Measured at amortised cost	6,25	2,71	30,36	6,42	1,74	15,92
Receivables from finance sector operations	5,64	4,48	19,38	6,09	4,45	15,11
Liabilities						
Borrowings	3,70	1,79	15,98	3,54	2,43	11,89
Payables of finance sector operations	0,40	0,16	11,90	1,50	0,87	15,95

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Consolidated financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

31 December 2021	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	44.003.357	5.960.997	-	-	43.884.960	93.849.314
Balances with the CBRT	68.178.110	-	-	-	35.067.199	103.245.309
Financial assets						
- Measured at fair value through profit or loss	3.196	5.683	58.396	139.374	975.412	1.182.061
- Measured at fair value through other comprehensive income	13.525.792	13.360.359	3.718.284	4.136.764	594.867	35.336.066
- Measured at amortised cost	31.440.321	13.387.197	11.651.909	39.640.191	-	96.119.618
Receivables from finance sector operations	116.314.213	155.685.884	119.419.646	25.323.544	-	416.743.287
	273.464.989	**188.400.120**	**134.848.235**	**69.239.873**	**80.522.438**	**746.475.655**
Liabilities						
Borrowings	112.164.201	62.995.692	103.763.742	6.148.781	1.217.224	286.289.640
Payables to finance sector operations	266.916.985	10.689.472	2.897.837	276.996	170.392.422	451.173.712
	379.081.186	**73.685.164**	**106.661.579**	**6.425.777**	**171.609.646**	**737.463.352**

31 December 2020	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	39.221.831	1.637.032	-	-	19.501.938	60.360.801
Balances with the CBRT	28.859.367	-	-	-	20.112.905	48.972.272
Financial assets						
- Measured at fair value through profit or loss	1.214	737	60.955	212.848	531.386	807.140
- Measured at fair value through other comprehensive income	9.235.370	8.600.443	5.169.968	2.015.706	457.199	25.478.686
- Measured at amortised cost	20.254.650	8.203.299	6.837.645	17.716.935	-	53.012.529
Receivables from finance sector operations	80.004.059	101.901.836	96.883.477	16.405.302	38.427	295.233.101
	177.576.491	**120.343.347**	**108.952.045**	**36.350.791**	**40.641.855**	**483.864.529**
Liabilities						
Borrowings	93.346.051	40.715.479	41.913.848	3.683.952	2.147.914	181.807.244
Payables to finance sector operations	174.459.436	9.630.715	2.839.072	230.816	90.010.900	277.170.939
	267.805.487	**50.346.194**	**44.752.920**	**3.914.768**	**92.158.814**	**458.978.183**

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity to interest rate risk

The sensitivity analysis of Yapı Kredi Bankası, a Subsidiary of the Group operating in the finance sector, regarding the fluctuations in interest rates was carried out for all interest-bearing assets and liabilities. In the case of 100 bps rise in the annual interests in TL, USD and EUR currencies, the negative impact on the Group's consolidated equity holders of the parent is around TL600 million (In the case of 100 bps decrease in the annual interests, the positive impact on the Group's consolidated equity holders of the parent is around TL770 million).

In the case of 100 bps rise in the annual interests, the additional annual consolidated interest expense resulting from the repricing of borrowings within 1-year period is around TL180 million for the subsidiaries of the Group operating in non-finance sectors. It is expected that this interest expense will be substantially offset by the additional interest income resulting from the repricing of cash and cash equivalents due to their short term maturities and therefore, 100 bps rise in interest rates is not expected to have a material net interest income/(expense) effect at the Group's non-finance sector operations' results within one year period.

The interest rate position is as follows:

	31 December 2021	31 December 2020
Fixed interest rate financial instruments		
Assets		
Cash and cash equivalents	46.463.821	37.885.630
Balances with the CBRT	68.178.110	28.337.458
Financial assets		
- Measured at fair value through profit or loss	206.649	275.754
- Measured at fair value through other comprehensive income	12.476.852	9.839.156
- Measured at amortised cost	48.746.043	23.206.047
Receivables from finance sector operations	302.107.168	223.343.061
	478.178.643	**322.887.106**
Liabilities		
Borrowings	193.422.070	113.208.221
Payables to finance sector operations	280.771.859	187.142.190
	474.193.929	**300.350.411**
Floating interest rate financial instruments		
Assets		
Cash and cash equivalents	3.500.533	2.973.233
Balances with the CBRT	-	521.909
Financial assets		
- Measured at fair value through other comprehensive income	22.264.347	15.182.331
- Measured at amortised cost	47.373.575	29.806.482
Receivables from finance sector operations	114.636.119	71.851.613
	187.774.574	**120.335.568**
Liabilities		
Borrowings	91.650.346	66.451.109
Payables to finance sector operations	9.431	17.849
	91.659.777	**66.468.958**

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Commodity price risk

Tüpraş, a Subsidiary of the Group is exposed to risk arising from fluctuations in crude oil prices due to raw material inventory held for production. Tüpraş management manages the risk by regularly reviewing the amount of the inventory held.

Tüpraş sets its sales price according to Petroleum Market Law No: 5015 considering the product prices at the Mediterranean market, which are the closest reachable world competitive market and USD currency rates. The changes in prices in the Mediterranean market and USD currency rate are evaluated daily by Tüpraş management and sales prices are updated when prices calculated according to the aforementioned factors differ significantly from the current sales prices.

Since instability in crude oil prices may cause fluctuations in net profit and cash flows, Tüpraş management has constituted a hedging policy in order to eliminate the aforementioned risk. In accordance with the policy, short and long term hedging transactions are realised by utilising various derivative instruments.

d) Product Profit Margin (Crack Margin) Risk

Besides the fluctuations in crude oil prices, Tüpraş is also exposed to the risk of fluctuations in crack margins arising from the changes in product prices. In order to eliminate the aforementioned risk in crack margins, a hedging policy has been constituted by considering historical product price levels, market expectations and forecasted sales volumes. In accordance with the policy, crack margins are hedged by utilising various derivative instruments.

C) Liquidity Risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

Liquidity management of Yapı Kredi Bankası, a Subsidiary of the Group, is daily monitored by Treasury Management, Risk Management and Capital Management. Liquidity risk is evaluated with liquidity gap analyses, liquidity stress tests and supplementary precautions/measurements. Liquidity gap analyses are performed for two different periods as short-term and long-term. Both short-term liquidity and long-term (structural) liquidity measurement and reporting for all types of currencies are periodically made in the Bank and its subsidiaries. There are limits, which are predetermined and approved by the Board of Directors in terms of all currencies for each period. Yapı Kredi Bankası mainly uses derivative transactions for managing liquidity risk and monitors cash inflows and outflows in the framework of funding plan in order to balance the liquidity distribution among currencies.

Undiscounted contractual cash flows of the consolidated financial liabilities as of 31 December 2021 and 2020 are as follows:

31 December 2021	**Carrying value**	**Total contractual cash outflow**	**Demand or up to 3 months**	**3 months - 1 year**	**1 - 5 years**	**5 years and over**
Financial liabilities						
Borrowings	286.289.640	324.033.028	45.133.597	90.492.932	156.875.964	31.530.535
Borrowings, debt instruments and factoring liabilities	*282.860.539*	*319.194.151*	*44.676.758*	*89.591.551*	*154.635.509*	*30.290.333*
Lease liabilities	*3.429.101*	*4.838.877*	*456.839*	*901.381*	*2.240.455*	*1.240.202*
Trade payables	71.588.038	71.754.652	67.889.634	3.865.018	-	-
Payables to finance sector operations	451.173.712	454.873.262	437.075.682	12.105.168	5.316.793	375.619
Derivative instruments (*)						
Cash inflows	25.608.020	197.155.398	150.960.404	18.890.911	22.251.904	5.052.179
Cash outflows	(22.102.462)	(201.128.956)	(152.572.785)	(19.029.668)	(24.281.016)	(5.245.487)

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2020	Carrying value	Total contractual cash outflow	Demand or up to 3 months	3 months - 1 year	1 - 5 years	5 years and over
Financial liabilities						
Borrowings	181.807.244	198.353.535	21.285.347	51.806.931	107.527.376	17.733.881
Borrowings, debt instruments and factoring liabilities	*179.155.828*	*194.631.290*	*21.065.640*	*51.170.817*	*105.680.485*	*16.714.348*
Lease liabilities	*2.651.416*	*3.722.245*	*219.707*	*636.114*	*1.846.891*	*1.019.533*
Trade payables	29.039.594	30.726.439	29.618.906	1.107.533	-	-
Payables to finance sector operations	277.170.939	293.307.696	280.951.174	10.216.408	1.908.308	231.806
Derivative instruments (*)						
Cash inflows	6.219.142	140.257.073	96.212.233	14.441.774	26.156.644	3.446.422
Cash outflows	(11.436.576)	(135.569.302)	(94.150.959)	(14.656.728)	(23.408.482)	(3.353.133)

(*) Derivative instruments do not include the carrying value (Note 11) of changes in the fair value changes arising from the off-balance sheet operating lease transactions of Otokoç, a Subsidiary of the Group, denominated in foreign currency.

The distribution of non-cash loans (Note 34) of Yapı Kredi Bankası, a Subsidiary of the Group, by original maturity is as follows:

31 December 2021	Indefinite	Up to 1 year	1-5 years	5 years and over	Total
Letters of guarantee	34.626.114	27.932.165	44.237.482	12.173.861	118.969.622
Letter of credits	-	18.839.646	7.254.596	225.714	26.319.956
Acceptance credits	-	515.441	30.381	-	545.822
Other	1.864.494	1.887.932	1.443.730	9.885.551	15.081.707
	36.490.608	**49.175.184**	**52.966.189**	**22.285.126**	**160.917.107**

31 December 2020	Indefinite	Up to 1 year	1-5 years	5 years and over	Total
Letters of guarantee	26.614.701	14.479.227	31.990.476	8.230.363	81.314.767
Letter of credits	-	6.278.175	2.854.544	207.602	9.340.321
Acceptance credits	-	211.013	21.251	5.761	238.025
Other	943.148	1.510.816	1.096.233	6.432.095	9.982.292
	27.557.849	**22.479.231**	**35.962.504**	**14.875.821**	**100.875.405**

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.

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NOTE 35 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Total borrowings	286.289.640	181.807.244
Less: Cash and cash equivalents	(89.524.057)	(58.146.312)
Net financial debt	196.765.583	123.660.932
Equity	121.105.062	88.071.052
Invested capital	317.870.645	211.731.984
Net financial debt/invested capital ratio	**0,62**	**0,58**

NOTE 36 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of cash and cash equivalents and trade receivables are assumed to reflect their fair values due to their short-term nature. The estimated fair value of interest bearing placements of cash and cash equivalents of finance sector is calculated based on discounted cash flows using prevailing money market interest rates at the statement of financial position date with similar credit risk and remaining maturity.

The estimated fair value of receivables from finance sector operations represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates with similar currency and remaining maturity in order to determine their fair value.

The fair value of financial assets measured at amortised cost is determined based on market prices; or when market price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

Financial liabilities

Fair values of short-term trade payables and borrowings with floating interest rate are assumed to approximate their carrying values. The estimated fair value of issued debt securities and other long-term borrowings without quoted market price is based on discounted cash flows using market interest rates prevailing at the balance sheet date with similar credit risk and remaining maturity.

The estimated fair value of demand deposits with no stated maturity classified under payables to finance sector operations, represents the amount repayable on demand. The fair value of overnight deposits is considered to approximate their carrying values. The estimated fair value of fixed-interest deposits is calculated based on discounted cash flows using market interest rates applied to similar loans and other debts. In case the maturities are short-term, the carried value is assumed to reflect the fair value.

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NOTE 36 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

Fair value 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 2021 and 2020 are presented in the table below:

	31 December 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and cash equivalents	93.849.314	93.825.618	60.360.801	58.594.910
Receivables from finance sector operations	416.743.287	408.309.931	295.233.101	296.632.401
Financial assets measured at amortised cost	96.119.618	100.868.920	53.012.529	54.582.472
Liabilities				
Borrowings	286.289.640	286.210.242	181.807.244	182.684.452
Payables to finance sector operations	451.173.712	451.237.915	277.170.939	277.342.697

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 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	77.578	285.216	608.153	970.947
- Debt instruments	211.114	-	-	211.114
Financial assets measured at fair value through other comprehensive income				
- Equity securities	486.449	143.105	-	629.554
- Debt instruments	33.737.177	969.335	-	34.706.512
Derivative instruments	-	25.608.020	-	25.608.020
Total assets	**34.512.318**	**27.005.676**	**608.153**	**62.126.147**
Derivative instruments	-	22.102.462	-	22.102.462
Total liabilities	**-**	**22.102.462**	**-**	**22.102.462**

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NOTE 36 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

Fair value estimation (Continued)

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	10.254	161.327	358.824	530.405
- Debt instruments	276.735	-	-	276.735
Financial assets measured at fair value through other comprehensive income				
- Equity securities	374.700	91.627	-	466.327
- Debt instruments	22.848.275	2.164.084	-	25.012.359
Derivative instruments	-	6.219.142	-	6.219.142
Total assets	**23.509.964**	**8.636.180**	**358.824**	**32.504.968**
Derivative instruments	-	11.436.576	-	11.436.576
Total liabilities	**-**	**11.436.576**	**-**	**11.436.576**

NOTE 37 - EARNINGS PER SHARE

	2021	2020
Profit for the period	26.184.772	12.633.297
Less: Profit attributable to non-controlling interests	10.992.061	3.360.727
Profit attributable to equity holders of the parent	15.192.711	9.272.570
Weighted average number of shares with nominal value of Kr 1 each (*)	253.562.415.596	253.589.805.000
Earnings per share (Kr)	**5,992**	**3,657**

(*) Calculated by adjusting the treasury shares (Note 24).

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts on tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 38 - SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the consolidated cash flow statements as of 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Changes in provisions:		
Provisions for non-cash loans	655.617	137.043
Provisions for warranty and assembly	498.287	384.372
Provisions for employee benefits	376.795	321.380
Provisions for lawsuits	186.390	24.026
Cost accruals for construction contracts	133.914	26.557
Other provisions	686.086	186.334
	2.537.089	**1.079.712**
Adjustments for impairment loss/ (reversal of impairment loss):		
Expected credit loss provisions on receivables from finance sector operations	4.180.489	7.595.802
Expected credit loss provisions on trade receivables	143.180	112.539
Provisions for impairment on property, plant and equipment	5.482	97.279
Provisions for impairment on inventories	(21.846)	69.430
Provisions for impairment on assets held for sale	-	26.638
	4.307.305	**7.901.688**
Net changes in the operating assets and liabilities:		
Finance:		
Receivables from finance sector operations	(123.636.213)	(51.354.785)
Balances with Central Bank of the Republic of Turkey - required reserves	(25.531.399)	(6.497.185)
Payables of finance sector operations	174.002.773	63.768.722
Other assets and liabilities, net	(12.480.718)	(4.032.403)
	12.354.443	**1.884.349**
Non-Finance:		
Inventories	(26.831.232)	(1.233.370)
Trade receivables	(25.451.320)	(1.450.600)
Trade payables	39.361.383	2.312.162
Other assets and liabilities, net	5.963.275	928.131
Other payables and receivables, net	(7.577.635)	1.239.455
	(14.535.529)	**1.795.778**
Currency translation differences	5.971.965	1.374.052
	3.790.879	**5.054.179**
Cash and cash equivalents:		
Cash and cash equivalents (Note 5)	93.849.314	60.360.801
Add: Balances with the Central Bank of the Republic of Turkey - free deposits (Note 6)	55.194.102	26.452.464
Less: Blocked deposits (Note 5)	(4.325.257)	(2.214.489)
	144.718.159	**84.598.776**

NOTE 39 - EVENTS AFTER THE BALANCE SHEET DATE

On 7 October 2021 and 12 November 2021, it was announced that the bid submitted by Tek-Art Kalamış and Fenerbahçe Marmara Turizm Tesisleri A.Ş., a Subsidiary of the Group, in the tender for the privatisation of Fenerbahçe-Kalamış Marina owned by Turkish Maritime Lines, has been the highest bid and that the Presidency Approval has been granted for the tender result. However, on 21 January 2022, it has been declared to Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. that the tender has been cancelled by the Presidency Decree dated 19 January 2022.

Koç Holding A.Ş. Balance Sheet and Income Statement Issued According to the Statutory Records

Koç Holding A.Ş. Balance Sheet at 31 December 2021 and 31 December 2020 Issued According to the Statutory Records (TL)

ASSETS			31.12.2021			31.12.2020
CURRENT ASSETS			23,824,800,364.80			14,366,984,948.91
Cash and Cash Equivalents		18,259,492,432.49			12,313,793,776.16	
Cash	1,000.00			1,000.00		
Banks	18,259,491,432.49			12,313,792,776.16		
Securities		4,870,922,458.33			1,468,100,000.00	
Debt Securities	4,821,141,250.00			1,468,100,000.00		
Other Securities	49,781,208.33			-		
Short Term Trade Receivables		375,433,345.11			289,548,369.04	
Customers	375,415,187.29			289,504,398.42		
Doubtful Receivables	1,014,241.88			1,053,201.70		
Provision for Doubtful Receivables	-996,084.06			-1,009,231.08		
Other Short Term Receivables		-			533.36	
Receivables from Shareholders	-			533.36		
Expenses and Income Accruals for Future Months		256,386,276.01			139,841,406.35	
Expenses for Future Months	35,931,936.60			19,766,357.66		
Income Accruals	220,454,339.41			120,075,048.69		
Other Current Assets		62,565,852.86			155,700,864.00	
Prepaid Taxes and Funds	17,325,545.45			95,395,784.87		
Other Miscellaneous Current Assets	45,240,307.41			60,305,079.13		
NON-CURRENT ASSETS			13,888,891,594.57			12,765,371,432.61
Long Term Trade Receivables		1,272,335.45			739,449.70	
Deposits and Guarantees Given	1,272,335.45			739,449.70		
Financial Non-Current Assets		12,202,452,889.01			11,727,171,771.21	
Subsidiaries	4,371,341,578.60			4,295,267,159.87		
Affiliate Company	7,831,111,310.41			7,431,904,611.34		
Property, Plant and Equipment		1,636,430,214.08			986,918,157.33	
Lands	32,967,975.16			32,967,975.16		
Land Improvements	8,946,219.51			8,290,616.51		
Buildings	655,451,990.96			637,381,097.44		
Motor Vehicles Equipment	551,962,732.76			493,522,678.50		
Furniture and Fixtures	48,899,224.57			41,802,307.05		
Accumulated Depreciation	-254,608,329.88			-227,046,517.33		
Advances Given	592,810,401.00			-		
Research and Developments Expenses		24,627,466.52			18,998,520.15	
Establishment and Formation Expenses	21,037,520.00			14,302,080.00		
Rights	2,529,126.22			2,529,126.22		
Leasehold Improvements	11,901,767.00			11,901,767.00		
Accumulated Depreciation	5,100,886.32			5,100,886.32		
	-15,941,833.02			-14,835,339.39		
Prepaid Expenses for the Following Years		24,108,689.51			31,543,534.22	
Prepaid Expenses for the Following Years	24,108,689.51			31,543,534.22		
TOTAL ASSETS			37,713,691,959.37			27,132,356,381.52

Koç Holding A.Ş. Balance Sheet at 31 December 2021 and 31 December 2020 Issued According to the Statutory Records (TL)

LIABILITIES			31.12.2021			31.12.2020
CURRENT LIABILITIES			773,930,610.26			743,520,548.87
Trade Payables		**51,994,931.44**			**12,524,436.38**	
Suppliers	16,960,264.45			10,945,897.93		
Deposits and Guarantees Received	35,034,666.99			1,578,538.45		
Other Current Liabilities		**289,882,012.50**			**397,104,794.42**	
Liabilities to Associates	276,198,278.57			191,402,568.78		
Social Security Premiums Payable	3,321,466.59			2,652,721.81		
Other Debts	10,362,267.34			203,049,503.83		
Provision for Debts and Expenses		**379,678,725.56**			**285,515,451.44**	
Provision for Profit of Period Taxes and Other	31,466,146.39			90,364,144.71		
Other Provision for Debts and Expenses	348,212,579.17			195,151,306.73		
Income and Expense Accruals for Future Months		**52,374,940.76**			**48,375,866.63**	
Income for Future Months	52,374,940.76			48,375,866.63		
NON-CURRENT LIABILITIES			19,485,538,998.57			11,026,899,373.35
Financial Liabilities		**19,466,250,000.00**			**11,010,750,000.00**	
Bonds Issued	19,466,250,000.00			11,010,750,000.00		
Provision for Debts and Expenses		**19,288,998.57**			**16,149,373.35**	
Provision for Employment Termination Benefits	19,288,998.57			16,149,373.35		
EQUITY			17,454,222,350.54			15,361,936,459.30
Total Share Capital		**2,488,837,944.43**			**2,507,888,937.81**	
Paid-in Share Capital	2,535,898,050.00			2,535,898,050.00		
Adjustment to Share Capital - Positive	34,548,215.22			34,548,215.22		
Adjustment to Share Capital - Negative	-62,557,327.41			-62,557,327.41		
Repurchased Stocks	-19,050,993.38			-		
Issue Premium		**9,705,724.30**			**9,705,724.30**	
Issue Premium	9,705,724.30			9,705,724.30		
Other Capital Reserves		**378,441,061.95**			**312,748,745.74**	
	378,441,061.95			312,748,745.74		
Reserves		**10,588,279,390.24**			**9,484,896,063.84**	
Legal Reserves	615,618,768.68			615,618,768.68		
Extraordinary Reserves	7,815,848,012.01			6,713,643,513.70		
Special Funds	2,156,812,609.55			2,155,633,781.46		
Prior Years' Income-Inf. Adj. Profit-2004		**174,879,886.04**			**174,879,886.04**	
Profit for the Period		**3,814,078,343.58**			**2,871,817,101.57**	
TOTAL LIABILITIES AND EQUITY			37,713,691,959.37			27,132,356,381.52

Koç Holding A.Ş. Income Statement for the Period of 1 January-31 December 2021 and 1 January-31 December 2020, Issued According to the Statutory Records (TL)

	2021		2020	
GROSS REVENUES		**574,463,420.22**		**409,692,142.04**
Domestic Revenues	574,463,420.22		409,692,142.04	
OPERATING EXPENSES		**-952,069,208.63**		**-675,181,002.68**
General Administrative Expenses	-952,069,208.63		-675,181,002.68	
ORDINARY INCOME AND PROFIT FROM OTHER OPERATIONS		**14,336,381,937.82**		**9,144,950,072.14**
Dividend Income from Associates	3,272,596,106.38		1,137,256,780.15	
Dividend Income from Subsidiaries	223,513,368.55		1,444,738,765.97	
Interest Income	962,138,826.54		639,412,854.50	
F/X Income	9,781,947,096.73		5,858,294,513.52	
Other Ordinary Income and Profit	96,186,539.62		65,247,158.00	
ORDINARY EXPENSES AND LOSSES FROM OTHER OPERATIONS		**-803,783,803.40**		**-1,814,058,554.14**
Provision Expenses	-3,160,550.70		-1,941,414.58	
F/X Losses	-800,015,291.45		-1,812,117,139.56	
Losses on the Sale of Securities	-607,961.25		-	
FINANCIAL EXPENSES		**-9,310,751,115.03**		**-4,585,848,833.72**
Short Term Borrowing Expenses	-9,284,223.79		-3,884,170,090.97	
Long Term Borrowing Expenses	-9,301,466,891.24		-701,678,742.75	
EXTRAORDINARY INCOME AND PROFIT		**1,303,258.99**		**482,627,422.64**
Other Extraordinary Income and Profit	1,303,258.99		482,627,422.64	
PROFIT FOR THE PERIOD		**3,845,544,489.97**		**2,962,181,246.28**
TAXES PAYABLES AND OTHER LEGAL LIABILITIES		**-31,466,146.39**		**-90,364,144.71**
NET PROFIT FOR THE PERIOD		**3,814,078,343.58**		**2,871,817,101.57**

OTHER INFORMATION ABOUT CORPORATE GOVERNANCE

Informative Document for 1 April 2022 Ordinary General Assembly to Review Financial Year 2021

Statements of Independence

Corporate Governance Compliance Report and Information Form

Index of Explanations Regarding Sustainability Principles

Informative Document for the 1 April 2022 Ordinary General Assembly to Review Financial Year 2021

1. INVITATION TO THE 1 APRIL 2022 ORDINARY GENERAL ASSEMBLY

Koç Holding A.Ş.'s Ordinary General Assembly Meeting shall convene on Friday 1 April 2022 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 2021 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, 2021 Financial Statements, the Independent Auditor's Report prepared by our Independent Auditor, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and the Board of Directors' Annual Report, including the dividend distribution proposal of the Board of Directors and the explanations on Corporate Governance and Sustainability, along with the following agenda and the Memorandum containing the information required by Capital Markets Board regulations shall be made available to the shareholders at the Company Headquarters, on the Company's corporate website at www.koc.com.tr, on the Public Disclosure Platform, and on the Electronic General Assembly System of the Central Registry Agency at least three weeks prior to the meeting, excluding the invitation and the meeting dates.

Shareholders that are unable to attend the meeting in person, save for the rights and obligations of the ones participating electronically via the Electronic General Assembly System, shall prepare their proxy documents in accordance with the legal requirements, or shall obtain a proxy sample form from Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza / Levent-Istanbul), our Company, or from our corporate website at www.koc.com.tr and shall submit to the Company the proxy documents issued in accordance with the requirements of the Communiqué No. II-30.1, Use of Proxy Vote and Proxy Collection through Invitation, enacted on 24 December 2013 and published in Official Gazette No. 28861. A proxy document is not required from a proxy appointed electronically through the Electronic General Assembly System. Due to our legal liability, **proxy documents which do not comply with the requirements of the aforementioned Communiqué shall not be accepted.**

Shareholders intending to vote via the Electronic General Assembly System are requested to obtain information from the Central Registry Agency, our Company's website at www.koc.com.tr or from the Company Headquarters (Tel: +90 216 531 00 00) to ensure that they comply with the provisions of the by-laws for the Electronic Shareholders Meeting for Joint Stock Companies.

Pursuant to Paragraph 4 of Article 415 of the Turkish Commercial Code No. 6102 and Paragraph 1 of Article 30 of the Capital Markets Law, the right to attend the General Assembly and voting rights shall not be conditional on depositing the share certificates. Accordingly, shareholders participating in the General Assembly do not need to block their shares.

At the Ordinary General Assembly Meeting, the voters shall use the open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

Due to the COVID-19 pandemic, the General Assembly Meeting will be held in accordance with the pandemic restrictions and requirements announced by public authorities. Therefore our shareholders are expected to follow the announcements made by such authorities. In this respect,

- Given the pandemic context and the meeting restrictions announced by public authorities, shareholder guests will be prioritized to join the General Assembly Meeting.
- All guests will be screened for fever at the entrance of the meeting venue.
- Wearing a mask throughout the meeting will be required.
- There will not be any food or drink served.

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.

Pursuant to the Capital Markets Law, shareholders holding registered shares that are traded on the stock exchange will not receive a separate registered invitation letter for the meeting.

Respectfully,

KOÇ HOLDING A.Ş.
Board of Directors

Company Address: Nakkaştepe Azizbey Sok. No: 1 34674 Kuzguncuk-Üsküdar/İstanbul
Trade Registry and Number: İstanbul/85714
Mersis Number: 0570002057500012

2. ADDITIONAL EXPLANATIONS IN ACCORDANCE WITH CMB REGULATIONS

The additional explanations required pursuant to Capital Markets Board (CMB) Corporate Governance Communiqué No. II-17.1 are made in the related articles of the agenda below. Other mandatory general explanations are provided in this section.

2.1. Capital Structure and Voting Rights

As of the date of the publication of this 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 (%)
Temel Ticaret ve Yatırım A.Ş.*	A	678,773,422	26.77	135,754,684,460	42.23
Temel Ticaret ve Yatırım A.Ş.*	B	428,196,786	16.88	42,819,678,578	13.32
Koç Family	B	487,895,145	19.24	48,789,514,515	15.18
Vehbi Koç Foundation	B	184,171,754	7.26	18,417,175,384	5.73
Koç Holding Pension and Assistance Foundation	B	50,451,548	1.99	5,045,154,831	1.57
Rahmi M. Koç ve Mahdumları Maden İnşaat Turizm Ulaştırma Yatırım ve Ticaret A.Ş.	B	35,385,424	1.40	3,538,542,410	1.10
Free Float**	B	671,023,971	26.46	67,102,397,052	20.87
Total		**2,535,898,050**	**100.00**	**321,467,147,230**	**100.00**

* Majority of Temel Ticaret ve Yatırım A.Ş. shares belong to Koç Family members.

** Includes shares bought back by Koç Holding as of the date of this Informative Document with a nominal value of TL 890,475 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

In 2021, there have been appointments to Banking Group Presidency and Human Resources and Industrial Relations Presidency. Also, the Legal Department has been reorganized as Legal and Compliance Department. Apart from these, 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

Informative Document for the 1 April 2022 Ordinary General Assembly to Review Financial Year 2021

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 1 APRIL 2022

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 2021
Within the framework of the TCC, the Regulation, the Capital Markets Law and related regulations, information shall be given on the 2021 Annual Report, which has been announced at the Headquarters of our Company, on the Electronic General Assembly portal of the Central Registry Agency (CRA) and on the corporate website of the Company at www.koc.com.tr for review of our shareholders three weeks before the General Assembly meeting and the Annual Report shall be presented for discussion and approval of our shareholders.

3. Presentation of the summary of the Independent Auditor's Report for the year 2021
A summary of the Independent Auditor's Report, which is prepared according to the TCC and CMB regulations and announced three weeks prior to the General Assembly meeting at the Company Headquarters, the Electronic General Assembly Portal of the CRA and www.koc.com.tr, will be read aloud.

4. Presentation, discussion and approval of the Financial Statements of the Company for the year 2021
Information about our financial statements and legal statutory accounts, which, pursuant to the TCC, Bylaws and Capital Markets Law have been announced three weeks prior to the General Assembly meeting at our Company Headquarters, on the Electronic General Assembly Portal of the CRA and on www.koc.com.tr for review by our shareholders, shall be presented to our shareholders for their evaluation and approval.

5. Release of each member of the Board of Directors from liability for the Company's activities for the year 2021
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 2021 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 2021 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 01.01.2021 – 31.12.2021; consolidated profit attributable to equity holders of the parent in the amount of TL 15,192,711,000 was made. The dividend payment proposal, drawn up in accordance with the dividend distribution table format provided in the Dividend Communiqué numbered II-19.1 and the Dividend Manual announced in accordance with the said Communiqué, and taking into account the Company's Dividend Distribution Policy, long-term strategy, investment and financing policies, profitability and liquidity, is provided in Appendix 1.

7. Presentation and approval of share buyback transactions carried out in accordance with the Board of Directors' resolution
In accordance with article 379 of the Turkish Commercial Code, Article 22 of the Capital Markets Law, Capital Market Board's Communique II-22.1 on Share Buybacks and the related announcements dated 21.07.2016, 25.07.2016, and 23.03.2020; driven by the recent market conditions and the impacts of the developments in the global economies on the sectors Koç Group operates in and on the Turkish capital markets, the net asset value discount and the market price of Koç Holding shares traded at Borsa İstanbul was deemed ineffective in reflecting the true value and fundamentals of Koç Holding. In this respect, in order to contribute to the fair valuation of Koç Holding shares, on 01.07.2021, the Board of Directors resolved to initiate a share buyback program from the market in accordance with article 10 of the Articles of Association.

The maximum number of shares that may be subject to buy-back was determined as 3.500.000.000 with a total nominal value of TL 35,000,000 and the maximum amount of funds to be allocated for share buybacks was determined to be TL 700,000,000, to be sourced from the current Company sources.

Within the scope of the related decision, considering the transactions that were cleared as of 31.12.2021, shares with a nominal value of TL 890,475 corresponding to 0.04% of Koç Holding's share capital were repurchased with a total cost of TL 19,065,996 including the transaction costs. The amount of treasury shares bought back as of the date of this Informative Document remains the same.

At the general assembly meeting, information will be provided about the treasury shares bought back as of the meeting date and the buyback program and the buyback transactions made thereof will be presented to the information and approval of the general assembly.

8. Determining the number of the members of the Board of Directors and their terms of office and election of the members of the Board of Directors in accordance with the newly resolved number and election of the Independent Board Members
In accordance with CMB regulations, the TCC and Bylaws and the principles governing the election of members of the Board of Directors in the Articles of Association, new members to replace Board members whose terms of office have expired shall accordingly be elected. In addition to that, Independent Members of the Board of Directors shall be elected in compliance with the CMB's Corporate Governance Communiqué No. II-17.1.

According to Article 11 of the Articles of Association, Company's business and management are conducted by a Board of Directors consisting of at least 9 and at most 18 members elected in line with the TCC and CMB regulations. The General Assembly may decide on the renewal of the Board of Directors even if their terms of office have not expired.

One third of the elected Board of Director members shall meet the independence criteria as defined in the CMB's mandatory Corporate Governance Principles.

The Board of Directors, upon the proposal of the Nomination and Remuneration Committee, has designated the following candidates as the Independent Members of the Board of Directors: Ms. Emily K. Rafferty, Dr. Cem M. Kozlu, Mr. Peter Martyr and Mr. Michel Ray de Carvalho.

All the candidates meet all of the independence criteria defined in the CMB's Communiqué, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law" for Ms. Emily K. Rafferty, Mr. Peter Martyr and Mr. Michel Ray de Carvalho. As it can be seen from the CV's of the candidates, the foreign independent members, with their competency, expertise and knowledge, have been affiliated with important merits and degrees and accordingly contribute substantially to the Company's and Koç Group's vision and progress. In this respect, as three of the independent member candidates are non-residents, as regards to the requirement of Turkish residency of at least half of the independent members which translates as two resident members amongst four independent members for a board of 12 members, an application has been made to CMB for Mr. Peter Martyr to be accepted for one year as the third foreign independent member of the Board of Directors.

In its statement dated 04.03.2022, CMB assented this request and granted an exception to Mr. Peter Martyr for one year; and accordingly has not given any negative opinion on any of the candidates.

The CVs of the candidates to the Board of Directors and the Declarations of Independence for the independent member candidates who will be presented to the General assembly are provided in **Appendix 2.**

Informative Document for the 1 April 2022 Ordinary General Assembly to Review Financial Year 2021

9. Presentation to the shareholders and approval by the General Assembly of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made on that basis in accordance with the Corporate Governance Principles
According to CMB's mandatory Corporate Governance Principle No. 4.6.2, the principles for the remuneration of Board of Directors' members and senior management shall be made available in writing and included as a separate item on the General Assembly agenda to enable the shareholders to share their opinions on the same. The Remuneration Policy prepared in this respect is attached hereto as Appendix 3 for this purpose. Information on the compensation of the members of the Board of Directors and the senior management is available in footnote No. 31 of our financial statements dated 31 December 2021.

10. Determining the annual gross salaries to be paid to the members of the Board of Directors
The annual gross remuneration to be paid to the members of the Board of Directors in 2022 shall be determined by the shareholders as per our Remuneration Policy submitted for the approval of the shareholders as per item 9 of the agenda.

11. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations
In accordance with the Turkish Commercial Code and Capital Markets Board regulations, and taking into consideration the opinion of the Audit Committee, the Board of Directors resolved at their meeting on 15 February 2022 to nominate PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to audit the Company's financial reports for the year 2022 accounting period and to fulfil all other obligations required for the auditors by Turkish Commercial Code and Capital Markets Law and related regulations. This decision shall be submitted to the General Assembly for approval.

12. Presentation of the donations made by the Company in 2021 to the shareholders and resolution on an upper limit for donations for the year 2022
Pursuant to Article 6 of the CMB's Communiqué on Dividends No. II-19.1, the limit of donations to be made must be determined by the General Assembly, in cases not specified in the Articles of Association, and information concerning the donations and payments made must be provided to shareholders at the General Assembly. Donations totaling to TL 6,349,833 were made to foundations and associations in 2021. Of this amount, TL 3,471,913 was donated to İstanbul Foundation for Culture and Arts, TL 1,500,000 to Turkish Olympic Committee, TL 556,100 to Koç University and the remaining TL 821,820 was donated to various other entities each with an amount below TL 500,000 the amounts of which are not deemed to be material for investors. The upper limit of donations to be made in 2022 shall be resolved by the General Assembly.

13. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2021 and of any benefits or income thereof in accordance with the Capital Markets Board regulations
Pursuant to Article 12 of the Capital Markets Board Corporate Governance Communiqué No. II-17.1, income or benefits derived by our Company and/or its subsidiaries from collaterals, pledges, mortgages and sureties against third parties must be stipulated in a separate article of the agenda of the General Assembly. This is indicated in footnote No. 34 of our financial statements dated 31 December 2021.

14. Authorization of the shareholders that have management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders of the transactions carried out thereof in the year 2021 pursuant to the Corporate Governance Communique 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 2021, there has not been any material transaction which requires notification in accordance with Corporate Governance Principle No. 1.3.6 of the Corporate Governance Communique.

15. Wishes and Observations.

APPENDICES:

APPENDIX 1 - 2021 Dividend Distribution Proposal (See pages 22-23)

APPENDIX 2 - CVs of Board of Directors Candidates and Independence Declarations of Independent Board Member Candidates

APPENDIX 3 - Remuneration Policy for Board of Directors and Executive Management (See page 25)

APPENDIX 2
CVs OF BOARD OF DIRECTORS CANDIDATES AND INDEPENDENCE DECLARATIONS OF INDEPENDENT MEMBER CANDIDATES

Michel Ray de Carvalho (Independent Board Member Candidate)
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.

Note: For the CVs of other BoD candidates, see pages 166-169

Statements of Independence

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law". In that regard I also confirm that;

a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.

b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,

c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,

d. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,

e. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

f. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,

g. I have not been on the board of the Company for more than six years within last ten years,

h. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.

i. I am not registered in the name of any legal entity elected as a board member.

(signature)

Emily K. Rafferty

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, in that regard I also confirm that;

a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.

b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,

c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,

d. I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960

e. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,

f. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

g. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,

h. I have not been on the board of the Company for more than six years within last ten years,

i. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.

j. I am not registered in the name of any legal entity elected as a board member.

(signature)

Dr. Cem M. Kozlu

Statements of Independence

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law". In that regard I also confirm that;

a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.

b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,

c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,

d. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,

e. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

f. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,

g. I have not been on the board of the Company for more than six years within last ten years,

h. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.

i. I am not registered in the name of any legal entity elected as a board member.

(signature)

Peter Martyr

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law". In that regard I also confirm that;

a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.

b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,

c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,

d. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,

e. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

f. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,

g. I have not been on the board of the Company for more than six years within last ten years,

h. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.

i. I am not registered in the name of any legal entity elected as a board member.

(signature)

Michel Ray de Carvalho

Corporate Governance Compliance Report and Information Form

I. CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was not any notification made regarding such a transaction.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly information document. The remaining amount, for which the details were not provided, includes donations to various parties each below 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.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				Under normal circumstances, general meetings are held open to the public. However, due to the current pandemic concerns and the restrictions of authorities on collective gatherings, in the general assembly meeting held in 2021, our shareholders were prioritized in terms of acceptance to meeting venue.

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.			X			Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. However, for decisions concerning the amendment to the Articles of Association or filing a lawsuit of acquaintance and responsibility, all shares have 1 (one) right to vote. As stated in company's Articles of Association, Group A shareholders do not have the privilege to nominate candidates to the BoD. Besides, total number of Group A voting rights make up for less than half of the total voting rights. As these rights have been present since the establishment and accordingly the initial public offering of our shares and taking into account that it is not possible to make a decision by the affirmative votes of privileged shares only and also given that do not prevent the holders of publicly traded shares from being represented at company board, any changes to the current structure is not foreseen.
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such crossownership provides management control.					X	Within Koç Holding, no cross ownerships that are associated with a controlling relationship exist.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the general framework of the regulations. Furthermore, there was no demand from the investors regarding this issue and any changes to the current structure are not foreseen.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend was distributed.
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					
	Yes	Partial	No	Exempted	NA	Explanation
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.		X				Article 9 of our company's Articles of Association sets out the principles regarding transfer of shares and there are no provisions in the Articles of Association that complicate or restrict the transfer of Group B shares traded on the stock exchange. As the existing restrictions relate only to non-listed group of shares, any changes to the current structure is not foreseen.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.					X	Koç Holding operates as a holding entity.
3.4.2 - Customers are notified of any delays in handling their requests.					X	Koç Holding operates as a holding entity.
3.4.3 - The company complied with the quality standards with respect to its products and services.					X	Koç Holding operates as a holding entity.
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.					X	Koç Holding operates as a holding entity.
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

Corporate Governance Compliance Report and Information Form

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chair and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				There is a Directors and Officers Liability Insurance policy for the Koç Group companies, however the coverage is below the stated ratio. Given the high capital, the current insurance coverage is deemed enough to cover foreseeable risks. The amount is reviewed regularly and can be increased in the future if deemed necessary.

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members					X	Although there is the possibility to present an opinion in such a case, there has not been any notification made by the BoD members who could not attend the meetings.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There are no restrictions for BoD Members on assuming other positions or duties outside the Company. Such a restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. CVs of the BoD Members are provided in the annual report. Given the performance and the efficiency of the BoD and taking into account the fact that the current structure does not impose any challenges in terms of corporate governance, any changes to the current structure is not foreseen in the short-run.

Corporate Governance Compliance Report and Information Form

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Members who serve on more than one committee facilitate communication and increase the opportunities for cooperation between committees handling related subjects. Given the performance and the efficiency of the committees and the valuable contributions of Board members, any changes to the current structure are not deemed necessary.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There have not been any external consultancy services used.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Similar to the general practices, the remuneration of the members of the Board and Executive Management is disclosed in total in the annual report and at the General Assembly meetings. We are monitoring the general market practices in this subject which we deem to be material in terms of the protection of personal information, and intend to follow such prevalent practice.

II. CORPORATE GOVERNANCE INFORMATION FORM

SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights The number of investor meetings (conference, seminar/etc.) organized by the company during the year	Attended 17 roadshow and conferences, met with around 400 investors
1.2. Right to Obtain and Examine Information The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/916216
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Provided
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.koc.com.tr/investor-relations/corporate-overview-and-governance
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/926383
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 15-a
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Under normal circumstances, general meetings are held open to the public. However, due to the current pandemic concerns and the restrictions of authorities on collective gatherings, in the general assembly meeting held in 2021, our shareholders were prioritized in terms of acceptance to meeting venue.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. However, for decisions concerning the amendment to the Articles of Association or filing a lawsuit of acquaintance and responsibility, all shares have 1 (one) right to vote. Temel Ticaret ve Yatırım A.Ş. owns all of Group A shares which correspond to 42.23% of the total voting rights. Current shareholder structure is available in the annual report.
The percentage of ownership of the largest shareholder	43.65%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations - Corporate Governance - Policies
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Dividend was distributed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

Corporate Governance Compliance Report and Information Form

General Assembly Meetings	
General Meeting Date	09.04.2021
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	82.32%
Percentage of shares directly present at the GSM	2.62%
Percentage of shares represented by proxy	79.70%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations - Corporate Governance - General Assembly Meetings
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations - Corporate Governance - General Assembly Meetings
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/en/Bildirim/926383

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations - About Koç Holding - Shareholder Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance and Other Informatıon
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Legal Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Legal Disclosures

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Legal Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability and Human Resources

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 the Koç Group companies are managed in accordance with national and international legal norms.
The number of definitive convictions the company was subject to in relation to breach of employee rights	None
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	According to the Koç Group Whistleblowing Policy available on Koç Holding website, unfair practices against employees and the company and violations of business partners shall be investigated by the Koç Holding Internal Audit Department. Koç Holding Legal and Compliance Department is mainly responsible to perform the investigations related to the private law violations. Koç Holding Internal Audit Department and Koç Holding Legal and Compliance Department act as the consultancy function in order to monitor the effectiveness of the Investigations conducted within Koç Group in general, and to increase the quality of the outputs.
The contact detail of the company alert mechanism	The Ethics Hotline accessible via Koç Holding website provides the options to raise a concern online or by phone. https://secure.ethicspoint.eu/domain/media/en/gui/108227/index.html
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulations are not publicly available or accessible.
Corporate bodies where employees are actually represented	Our coworkers both in our unionized and non-unionized companies participate in management and share their opinions through various methods. The annual Employee Loyalty Surveys that are conducted at all our companies collect the opinions of all our coworkers anonymously in open-ended questionnaire format. Through various communication meetings held at our companies, company-related information is shared with the employees, dealers and other stakeholders, and their questions and comments are obtained.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is developed for all key managerial positions. Upon CEO approval, these succession plans are finalized with the approval of the Chair of the Board.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Koç Holding signed United Nations Global Compact in 2006 and is part of United Nations HeForShe IMPACT since 2015. The Personnel Code which defines the criteria for recruitment is accessible by all employees; job announcements include the required competencies. Code of Ethics cover and emphasize creating equal opportunities. https://www.koc.com.tr/tr-tr/hakkinda/Documents/Koc-Group-Code-of-Ethics-and-Business-Conduct.pdf The 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.

Corporate Governance Compliance Report and Information Form

Whether the company provides an employee stock ownership program	No
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Life in Koç - Koç Culture and Our Priorities & Being a Part of Koç
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	About - Code of Ethics and Compliance Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Principles on these topics are covered in Code of Ethics as well as under the Anti-Bribery and Corruption Policy.

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	30.12.2021
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. Information on unit's activities in 2020 will be provided to the committee together with the information on 2021 activities.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control Systems and Audit
Name of the Chair	Ömer M. Koç
Name of the CEO	Levent Çakıroğlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations - Corporate Governance
The number and ratio of female directors within the Board of Directors	5 (45%)

Board Members

Name-Surname	Position	Profession	Whether Dependent	Independent Board Member or not	The First Election Date to Board	Current Positions Held Outside the Company	Share Stake (%)	Link to PDP Notification That Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination	Whether She/He is the Director Who Ceased to Satisfy the Independence	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not	Committees and Position
Rahmi M. Koç	Honorary Chair	Director or not	Non-Executive	Not	01.01.1963	BoD Chair and Member, Committee Member	3.03%					Executive Committee
Ömer M. Koç	Chair	Business Man/ Business Woman	Non-Executive	Not	01.04.2004	BoD Chair and Member, Committee Member	0.74%					Executive Committee
Ali Y. Koç	Vice Chair	Business Man/ Business Woman	Non-Executive	Not	01.01.2008	BoD Chair and Member, Committee Member	1.39%					Executive Committee, Nomination and Remuneration Committee Member
Semahat S. Arsel	Member	Business Man/ Business Woman	Non-Executive	Not	01.01.1972	BoD Chair and Member, Committee Member	6.15%					Executive Committee
Caroline N. Koç	Member	Business Man/ Business Woman	Non-Executive	Not	05.04.2016	BoD Chair and Member, Committee Member	0.25%					Risk Management Committee Member
İpek Kıraç	Member	Business Man/ Business Woman	Non-Executive	Not	05.04.2016	BoD Chair and Member, Committee Member	1.89%					Executive Committee; Corporate Governance Committee Member
Levent Çakıroğlu	Member	Executive Manager	Executive	Not	05.04.2016	BoD Chair and Member, Committee Member						
Jacques A. Nasser	Member	Business Man/ Business Woman	Non-Executive	Not	31.03.2015	BoD Member in companies outside the Group						
Anne Lauvergeon	Member	Business Man/ Business Woman	Non-Executive	Independent	05.04.2016	BoD Chair and Member in companies outside the Group		https://www.kap.org.tr/tr/Bildirim/916216	Considered	No		
Emily K. Rafferty	Member	Business Man/ Business Woman	Non-Executive	Independent	22.03.2018	BoD Chair and Member in companies outside the Group		https://www.kap.org.tr/tr/Bildirim/916216	Considered	No	Yes	Nomination and Remuneration Committee Chair, Audit Committee Member
Dr. Cem M. Kozlu	Member	Business Man/ Business Woman	Non-Executive	Independent	13.11.2019	BoD Chair and Member in companies outside the Group		https://www.kap.org.tr/tr/Bildirim/916216	Considered	No	Yes	Corporate Governance Committee Chair, Audit Committee Chair
Peter Martyr	Member	Business Man/ Business Woman	Non-Executive	Independent	09.04.2021	BoD Chair and Member in companies outside the Group		https://www.kap.org.tr/tr/Bildirim/916216	Considered	No		Risk Management Committee Chair

Corporate Governance Compliance Report and Information Form

4. BOARD OF DIRECTORS - II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	3
Director average attendance rate at board meetings	97%
Whether the board uses an electronic portal to support its work or not	None
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	1 week in advance for strategic meetings, at least 1 business day in advance for all other meetings.
The name of the section on the corporate website that demonstrates information about the board charter	Koç Holding Board Working Principles is not a publicly available document.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such policy.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Explanations Regarding Corporate Governance P. 160-163
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/926981

Composition of Board Committees - I

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or not	Whether Board Member or not
Audit Committee	-	Dr. Cem M. Kozlu Emily K. Rafferty	Chair Member	Board Member Board Member
Corporate Governance Committee	-	Dr. Cem M. Kozlu İpek Kıraç Ahmet Ashaboğlu	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 Kıraç	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 P.160-163
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance P.160-163
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance P.160-163
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance P.160-163
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations Regarding Corporate Governance P.160-163
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Board of Directors Report
Specify the section of website where remuneration policy for executive and non-executive directors is presented.	Investor Relations - Corporate Governance
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Remuneration Policy

Composition of Board Committees - II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	2	6
Corporate Governance Committee	-	67%	33%	2	2
Risk Management Committee	-	100%	50%	6	6
Other	Nomination and Remuneration Committee	100%	50%	2	2

Index of Explanations Regarding Sustainability Principles

Explanation of Principle	Annual Report Section, Page Number	Links
A. General		
A1. Strategy, Policy and Targets		
The Board of Directors determines ESG material issues, risks and opportunities and puts forward ESG policies accordingly. As far as the effective implementation of these policies; In-partnership directives, business procedures etc. can be developed. The Board of Directors takes decisions regarding these policies and discloses to public.	Sustainability, page 39-40	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Designates the Partnership Strategy, appropriate to the ESG policies, risks and opportunities. Sets and discloses short and long-term targets in line with the partnership strategy and ESG policies.	Sustainability, page 39, 43, 46 Declaration of Compliance with Sustainability Principles, page 158	
A2. Implementation / Monitoring		
Determines and publicly discloses the committees / units responsible for the execution of ESG policies. The committee / unit in charge reports the activities carried out with respect to the policies to the Board of Directors at least once a year and in any case within the maximum periods specified for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Sustainability, page 41	
Determines the Key Performance Indicators (KPI) of ESG and shares comparative data on a yearly basis. In the presence of verifiable qualified data, it presents KPIs with local and international industry comparisons.	Sustainability, 43-55 Declaration of Compliance with Sustainability Principles, page 158	
Discloses innovation activities that improve the sustainability performance for business processes or products and services.	Sustainability, page 45 R&D, page 60-61	
A3. Reporting		
Reports its sustainability performance, goals and actions at least once a year and shares with public. Explains the information regarding the sustainability activities within the annual report.	Sustainability, page 39-55	-
It is essential to share information that is important for stakeholders in order to understand the position, performance and development of the partnership in a direct and concise manner. It can also explain comprehensive information and data on the corporate website, and arrange separate reports that directly meet the needs of other stakeholders.	Sustainability, page 39-55	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Takes maximum care in terms of transparency and reliability. Objectively explains all kinds of improvements on priority issues in the reports and disclosures on the basis of balanced approach.	Sustainability, page 39-55	
Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals the activities are related to.	Sustainability, page 39	
Provides information regarding the lawsuits filed and / or concluded on environmental, social and corporate governance issues.	Legal Disclosures, page 155	
A4. Verification		
If verified by independent third parties (independent assurance providers for sustainability), the sustainability performance measurements is shared with public and endeavors to increase the aforementioned verification processes.	Declaration of Compliance with Sustainability Principles, page 158	

Explanation of Principle	Annual Report Section, Page Number	Links
B. Environment		
Shares the policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Sustainability, page 47	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Complies with environmental laws and other relevant regulations and explains them.	Sustainability, page 47	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Explains the constraints regarding reporting period, reporting data, data collection period and reporting conditions of the environmental report to be prepared, under the Sustainability principles.	Sustainability, page 42	
Explains the highest person responsible from the partnership regarding the environment and climate change issue, relevant committees and their duties.	Sustainability, page 41	
Describes the incentives it offers for the management of environmental issues, including the achievement of targets	Declaration of Compliance with Sustainability Principles, page 159	
Explains how environmental challenges are integrated into business goals and strategies.	Sustainability, page 42-54	
Explains the sustainability performances for business processes or products and services and the activities to help improve this performance.	Sustainability, page 46	
Elucidates not just in terms of direct operations but also how environmental issues are managed along the value chain and how supplier and customers are integrated in its strategies.	Sustainability, page 55	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Explains whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international), explains the cooperation with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports.	Sustainability, page 49	
Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality.	Declaration of Compliance with Sustainability Principles, page 159	
Gives a full environmental impact report regarding the effects of energy management, water and wastewater management, waste management, biodiversity impacts), periodically, in a comparable manner.	Sustainability, page 46-48	
Discloses the details of the standards, protocols, methodology and base year it uses to collect and calculate its data.	Declaration of Compliance with Sustainability Principles, page 158	
Explains the status of the environmental indicators (increase or decrease) for the year it has been reported in comparison with previous years.	Sustainability, page 46-48	
Sets short- and longterm targets to reduce its environmental impact and discloses these targets It is recommended that these are Science-Based Targets as suggested in the United Nations Conference of the Parties on Climate Change. Provides information whether there is an actual progress in the reporting year according to the goals set before.	Sustainability, page 39,43,46 Declaration for Compliance with Sustainability Principles, page 159	
Explains the strategies and actions it takes against the climate crises.	Declaration of Compliance with Sustainability Principles, page 159	
Describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.	Sustainability, page 43-49 Declaration for Compliance with Sustainability Principles, page 159	
Explains the actions taken to reduce its environmental impacts, the total number of projects and enterprises carried out, and the environmental benefits/ gains and cost savings they provide.	Sustainability, page 46	
Reports the data of total energy consumption (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Sustainability, page 46 Declaration of Compliance with Sustainability Principles, page 159	
Provides information regarding the electricity, heat, steam and cooling which are generated and consumed during the reported year.	Sustainability, page 46 Energy, page 66	

Index of Explanations Regarding Sustainability Principles

Explanation of Principle	Annual Report Section, Page Number	Links
Carries out and explain studies on increasing the use of renewable energy, transition to zero or low carbon electricity.	Sustainability, page 43-49	
Discloses renewable energy production and consumption data.	Sustainability, page 46	
Conducts energy efficiency projects and explains the amount of energy consumption and emission reduction with respect to these activities.	Sustainability, page 46	
Reports the amount of water withdrawn from surface and underground, water used, recycled and discharged, its sources and procedures (total withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Sustainability, page 48	
Explains whether its operations and activities are included in any carbon pricing system (emission trading system, Cap & Trade or carbon tax).	Declaration of Compliance with Sustainability Principles, page 159	
Explains information regarding the accumulated or purchased carbon credit during the reporting period.	Declaration of Compliance with Sustainability Principles, page 159	
Explains the details if carbon pricing is executed within the partnership.	Declaration of Compliance with Sustainability Principles, page 159	
Explains all compulsory and voluntary platforms where it discloses environmental information.	Sustainability, page 42	
C. Social		
C1. Human Rights and Employee Rights		
Formulates the corporate Human Rights and Employee Rights Policy, which is fully compliant with the Universal Declaration of Human Rights, the ILO Conventions that Turkey has confirmed, and the legal framework and regulations governing the human rights and working life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	Sustainability, page 49	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Ensures equal rights regarding recruitment process. Taking the supply and value chain effects into account, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Sustainability, page 49, 52	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Explains the measures taken along the value chain to protect the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or measures taken for minority rights / equal opportunity.	Sustainability, page 49, 52	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Reports developments on discrimination, inequality, human rights violations, and practices that prevent and correct forced labor. Explains the regulations, which are against the employment child workers.	Sustainability, page 49-50	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
It determines the processes of conflict resolution by establishing mechanisms for employee investment (training, development policies), compensation, vested benefits, union rights, work / life balance solutions and talent management. Regularly explains the activities carried out to ensure employee satisfaction.	Human Resources, page 35-38	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
It develops occupational health and safety policies and makes them public. Explains the precautions taken for work accidents and health protection and accident statistics.	Sustainability, page 52	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies

Explanation of Principle	Annual Report Section, Page Number	Links
Establishes the protection of personal data and data security policies and makes them public.	Compliance Program, page 56-57	https://www.koc.com.tr/legal-informations
Establishes a Code of Conduct (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and shares them with the public.	Compliance Program, page 56-57	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies
Explains the works within the scope of social investment, social responsibility, financial inclusion and access to finance.	Sustainability, page 53-54	
Organizes informative meetings and training programs for employees on ESG policies and practices.	Sustainability, page 41	
C2. Stakeholders, International Standards and Initiatives		
Conducts activities in the field of sustainability, taking into account the needs and priorities of all stakeholders (employees, customers, suppliers, and service providers, public institutions, shareholders, community and non-governmental organizations, etc.).	Sustainability, page 40, 42	
Puts in order a customer satisfaction policy regarding the management and resolution of customer complaints and makes public disclosure	Sustainability, page 55	
Conducts a continuous and transparent communication with stakeholders; It evaluates which stakeholders, their purpose, the issue and frequency of the communication, and the progresses in sustainability activities.	Sustainability, page 42	
Discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), The Task Force on Climate-related Financial Disclosures (TCFD), etc.) to the public.	Sustainability, page 42	
Whether one is a signatory or a member, it provides disclosure of the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles) to the public.	Sustainability, page 39, 43	
Shows concrete efforts to incorporate with Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Sustainability, page 42	
D. Corporate Governance		
Makes the maximum effort to comply with all Corporate Governance Principles as well as the Corporate Governance Principles that must be mandatorily applied according to the Capital Markets Board Corporate Governance Communiqué No II-17.1	Declaration of Corporate Governance, page 156-157	
Takes the issue of sustainability, environmental impacts of its activities and principles in this regard into consideration while determining its corporate governance strategy.	Sustainability, page 39,40	
Takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders, as stated in the Corporate Governance Principles. Consults to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	Sustainability, page 40-42	
Operates on raising awareness on the issue of sustainability and its importance, through social responsibility projects, awareness activities and trainings.	Sustainability, page 53-54	
Strives to become a member of international standards and initiatives on sustainability and show contribution to studies.	Sustainability, page 39, 42, 43, 46, 49, 53	
Explains anti-bribery and corruption policies and programs in line with the principle of honesty in terms of tax.	Compliance Program, page 56-57	https://www.koc.com.tr/sustainability/sustainability-reports-and-policies

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 2021, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Friday, 1 April 2022 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.

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