KOÇ HOLDİNG A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2023
TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT**

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Koç Holding A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Koç Holding A.Ş. ("Koç Holding" or the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	***How our audit addressed the key audit matter***
Application of TAS 29, "Financial Reporting in Hyperinflationary Economies" The Group applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as of and for the year ending 31 December 2023. According to TAS 29, the consolidated financial statements as of 31 December 2022 should be restated in accordance with 31 December 2023 purchasing power. Applying TAS 29 results in significant changes to financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter. The Group's accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.2.	We performed the following audit procedures in relation to the application of TAS 29 "Financial reporting in hyperinflationary economies": • Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management, • Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29, • Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation, • Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute, • Testing the mathematical accuracy of the restatement non-monetary items, income statement, and cash flow statement to reflect the impact of inflation, • Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

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 2023 include goodwill and brands under intangible assets, with carrying values of TL 48.499 million and TL 13.711 million, respectively. While TL 41.177 million of the total goodwill is related to the energy segment, TL 8.385 million of the total brands is related to financial services segment, the rest of the goodwill and the brands are mostly related to the durable goods segment. These indefinite-life intangible assets should be tested for impairment annually, as required by TFRS. Relevant indefinite-life intangible assets in cash-generating units subject to impairment tests are material to the consolidated financial statements. In addition, significant judgments and estimates are used in the impairment tests performed by management. For goodwill impairment tests; these are earnings before interest, tax, depreciation and amortization ("EBITDA") growth forecasts, long term growth rates and discount rates. In addition, royalty rates used in the relief from royalty method for the brand impairment tests are also key estimates. The outcomes of such estimates are very sensitive to changes in market conditions. Therefore, impairment tests of indefinite-life intangible assets are key matters for our audit. Please refer to notes 2.4, 2.5, 14 and 15 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.	We performed the following procedures in relation to the impairment tests of indefinite-life intangible assets: • Evaluating the appropriateness of determination of the Cash Generating Units ("CGUs") determined by management, • Through discussions with the group management, understanding management's performance and future plans for relevant segments and evaluating these in light of available macroeconomic data, • Assessing reasonableness of forecasted cash flows for each CGU by comparing them against their historical financial performance, • By the involvement of our internal valuation experts, assessing and challenging key assumptions, including long term growth rates, discount rates and royalty rates and benchmarking these against rates used in the relevant industries, • Testing the setup of the discounted cash flow models and their mathematical accuracy, • Testing management's sensitivity analysis for key assumptions considering market conditions, • Testing the disclosures in the consolidated financial statements in relation to the impairment tests of indefinite-life intangible assets and evaluating the adequacy of such disclosures for TFRS' requirements.

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 2023 include a provision for impairment amounting to TL 41.230 million in relation to loans and gross receivables of YKB which is TL 986.301 million in total. Aforementioned amounts represent a significant portion of the YKB's and Koç Holding's consolidated assets. Impairment of loans and receivables of YKB is considered as a key matter for audit of the consolidated financial statements due to: • Complexity of estimates and information used in the impairment assessment such as historical loss experiences, current conditions, forward looking macro-economic expectations, • Magnitude of loans and receivables, • Classification of loans as per their credit risk (staging) within the framework of TFRS 9, • Timely and correct identification of default event, significant increase in credit risk and level of judgements and estimations made by the management. Please refer to notes 2.4, 2.5, 10, 31 and 34 to the consolidated financial statements for the accounting policy and the relevant disclosures.	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,

3. Key Audit Matters (Continued)

Key audit matters	*How our audit addressed the key audit matter*
	• Testing the calculation of the loss given default used by YKB in the expected credit losses calculations, as well as testing of collaterals, recovery and costs, • 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.

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 2023 include a provision for Pension Fund liabilities of YKB in amounting to TL 10.028 million under non-current liabilities. Pension Fund liabilities of YKB are material to YKB's and Koç Holding's consolidated financial statements. In addition, the total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. These assumptions include transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. These assumptions and estimates are very sensitive to changes in market conditions. In addition, the uncertainty of the transfer date, the fact that technical interest rate is determined by law and the significance of possible deviations from these assumptions, accounting of Pension Fund liabilities is a key matter for our audit. Please refer to notes 2.4, 2.5 and 19 to the consolidated financial statements for the accounting policy and the relevant disclosures.	We performed the following procedures in relation to the relevant obligations: • Testing, on a sample basis, the accuracy of the employee data supplied by the YKB 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.

4. Other Matter

As explained in Note 2.1.4 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL"), at the official EUR and USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2023 for the consolidated financial statements and they do not form part of the consolidated financial statements.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 15 March 2024.

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

Cihan Harman, SMMM
Independent Auditor

Istanbul, 15 March 2024

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY- 31 DECEMBER 2023

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KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Notes	2023 (*) Million EUR	2023 (*) Million USD	*Audited* 2023 Million TL	*Audited* 2022 Million TL
ASSETS					
Current assets:					
Cash and cash equivalents	5	8.885	9.831	289.405	249.825
Balances with the Central Bank of the Republic of Turkey	6	7.418	8.208	241.618	215.784
Financial assets	7	1.198	1.326	39.025	39.784
Trade receivables	9	4.403	4.872	143.442	122.923
- Related parties	*9*	*340*	*376*	*11.081*	*9.048*
- Third parties	*9*	*4.063*	*4.496*	*132.361*	*113.875*
Receivables from finance sector operations	10	21.393	23.672	696.869	683.339
Derivative instruments	11	321	356	10.467	15.604
Inventories	12	3.556	3.935	115.828	133.941
Other receivables	21	673	745	21.929	19.435
Other current assets	22	4.548	5.032	148.143	154.016
		52.395	57.977	1.706.726	1.634.651
Assets held for sale	24	173	192	5.652	215
Total current assets		**52.568**	**58.169**	**1.712.378**	**1.634.866**
Non-current assets:					
Financial assets	7	11.916	13.185	388.151	379.123
Investments accounted for using the equity method	8	2.120	2.345	69.044	52.819
Trade receivables	9	31	34	1.011	1.844
- Third parties	*9*	*31*	*34*	*1.011*	*1.844*
Receivables from finance sector operations	10	8.078	8.938	263.130	350.925
Derivative instruments	11	420	465	13.685	21.867
Investment properties		76	84	2.483	2.556
Property, plant and equipment	13	8.469	9.371	275.854	255.611
Intangible assets		2.966	3.281	96.602	95.140
- Goodwill	*14*	*1.489*	*1.647*	*48.499*	*48.730*
- Other intangible assets	*15*	*1.477*	*1.634*	*48.103*	*46.410*
Deferred tax assets	18	623	690	20.304	9.770
Other non-current assets	22	501	554	16.323	12.795
Total non-current assets		**35.200**	**38.947**	**1.146.587**	**1.182.450**
Total assets		**87.768**	**97.116**	**2.858.965**	**2.817.316**

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

These consolidated financial statements as of and for the year ended 31 December 2023 have been approved for issue by the Board of Directors ("BOD") on 15 March 2024. These consolidated financial statements will be finalised following their approval in the General Assembly.

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Notes	2023 (*) Million EUR	2023 (*) Million USD	*Audited* 2023 Million TL	*Audited* 2022 Million TL
LIABILITIES					
Current liabilities:					
Short term borrowings	16	5.908	6.538	192.453	152.273
Short term portion of long-term borrowings	16	5.187	5.740	168.977	220.035
Trade payables	9	5.730	6.340	186.649	169.452
- Related parties	*9*	*360*	*398*	*11.721*	*11.402*
- Third parties	*9*	*5.370*	*5.942*	*174.928*	*158.050*
Payables of finance sector operations	17	34.567	38.249	1.125.971	1.165.279
Derivative instruments	11	120	132	3.893	12.247
Current income tax liabilities	18	223	247	7.274	9.377
Short term provisions	20	335	371	10.915	10.701
Other payables	21	928	1.027	30.239	20.957
Other current liabilities	22	4.152	4.594	135.295	127.823
		57.150	63.238	1.861.666	1.888.144
Liabilities related to assets held for sale	24	127	141	4.147	-
Total current liabilities		**57.277**	**63.379**	**1.865.813**	**1.888.144**
Non-current liabilities:					
Long term borrowings	16	7.595	8.404	247.393	251.440
Payables of finance sector operations	17	311	344	10.118	8.629
Derivative instruments	11	298	330	9.701	13.210
Deferred tax liabilities	18	466	516	15.179	11.810
Long term provisions		815	902	26.563	24.106
- Long term provisions for employee benefits	*19*	*659*	*729*	*21.472*	*18.823*
- Other long-term provisions	*20*	*156*	*173*	*5.091*	*5.283*
Other non-current liabilities	22	305	337	9.926	10.044
Total non-current liabilities		**9.790**	**10.833**	**318.880**	**319.239**
Total liabilities		**67.067**	**74.212**	**2.184.693**	**2.207.383**
Equity:					
Paid-in share capital	23	78	86	2.536	2.536
Adjustment to share capital	23	1.442	1.595	46.957	46.957
Treasury shares	23	(2)	(2)	(62)	(62)
Share premium	23	7	8	229	229
Other comprehensive income/(expense) not to be reclassified to profit or loss	23	(234)	(259)	(7.622)	(4.738)
Other comprehensive income/(expense) to be reclassified to profit or loss	23	350	387	11.401	27.904
Restricted reserves	23	324	358	10.549	5.048
Prior years' income		8.243	9.121	268.511	215.209
Profit for the period		2.218	2.454	72.230	72.662
Equity holders of the parent		12.426	13.748	404.729	365.745
Non-controlling interests		8.275	9.156	269.543	244.188
Total equity		**20.701**	**22.904**	**674.272**	**609.933**
Total liabilities and equity		**87.768**	**97.116**	**2.858.965**	**2.817.316**
Commitments and contingent liabilities	**33**				

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Notes	2023 (*) Million EUR	2023 (*) Million USD	*Audited* 2023 Million TL	*Audited* 2022 Million TL
Revenue	25	37.423	41.410	1.219.023	1.399.472
Revenue from finance sector operations	25	11.838	13.099	385.624	316.470
Total revenue	**4**	**49.261**	**54.509**	**1.604.647**	**1.715.942**
Cost of sales	26	(30.575)	(33.832)	(995.950)	(1.185.516)
Cost of finance sector operations	26	(7.124)	(7.883)	(232.050)	(125.483)
Total costs		**(37.699)**	**(41.715)**	**(1.228.000)**	**(1.310.999)**
Gross profit (non-finance)		6.848	7.578	223.073	213.956
Gross profit (finance)		4.714	5.216	153.574	190.987
Gross profit		**11.562**	**12.794**	**376.647**	**404.943**
Marketing expenses	26	(2.058)	(2.277)	(67.037)	(64.718)
General administrative expenses	26	(2.694)	(2.981)	(87.760)	(69.741)
Research and development expenses	26	(100)	(110)	(3.245)	(2.830)
Other operating income	27	1.175	1.300	38.273	30.260
Other operating expenses	27	(1.994)	(2.207)	(64.942)	(73.325)
Share of profit/loss of investments accounted for using the equity method	8	943	1.044	30.720	16.157
Operating profit	**4**	**6.834**	**7.563**	**222.656**	**240.746**
Gains from investment activities	28	40	44	1.301	3.950
Losses from investment activities	28	(4)	(4)	(130)	(262)
Operating profit before financial income/(expense)		**6.870**	**7.603**	**223.827**	**244.434**
Financial income	29	2.198	2.432	71.599	55.796
Financial expense	29	(2.954)	(3.266)	(96.176)	(92.076)
Net monetary position gains/(losses)		(1.429)	(1.581)	(46.555)	(24.588)
Profit before tax	**4**	**4.685**	**5.188**	**152.695**	**183.566**
Tax expense		**(1.074)**	**(1.187)**	**(34.962)**	**(53.990)**
- Current income tax expense	18	(961)	(1.063)	(31.292)	(49.564)
- Deferred tax expense	18	(113)	(124)	(3.670)	(4.426)
Profit for the period		**3.611**	**4.001**	**117.733**	**129.576**
Attributable to:					
Non-controlling interests	4	1.397	1.546	45.503	56.914
Equity holders of the parent	**4**	**2.214**	**2.455**	**72.230**	**72.662**
Earnings per share (Kr)	**36**			**28,493**	**28,663**

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	2023 (*) Million EUR	2023 (*) Million USD	*Audited* 2023 Million TL	*Audited* 2022 Million TL
Profit for the period	**3.611**	**4.001**	**117.733**	**129.576**
Other comprehensive income:				
Items not to be reclassified to profit/loss	**(248)**	**(274)**	**(8.074)**	**(9.428)**
Gains/(losses) on remeasurements of defined benefit plans	(258)	(285)	(8.392)	(8.336)
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	10	11	318	(1.092)
Taxes relating to other comprehensive income not to be reclassified to profit/(loss)	**63**	**70**	**2.059**	**1.804**
Gains/(losses) on remeasurements of defined benefit plans, tax effect	63	70	2.059	1.804
Items to be reclassified to profit/loss	**(950)**	**(1.051)**	**(30.915)**	**25.314**
Currency translation differences	67	74	2.190	(8.486)
Gains/(losses) on financial assets measured at fair value through other comprehensive income	(477)	(528)	(15.538)	21.751
Gains/(losses) on hedges of net investments in foreign operations	(379)	(419)	(12.332)	(7.151)
Gains/(losses) on cash flow hedges	(18)	(20)	(581)	19.866
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	(143)	(158)	(4.654)	(666)
Taxes relating to other comprehensive income to be reclassified to profit/loss	**238**	**263**	**7.757**	**(8.474)**
Gains/(losses) on financial assets measured at fair value through other comprehensive income, tax effect	139	153	4.516	(5.473)
Gains/(losses) on hedges of net investments in foreign operations, tax effect	86	95	2.805	1.876
Gains/(losses) on cash flow hedges, tax effect	13	15	436	(4.877)
Other comprehensive income	**(897)**	**(992)**	**(29.173)**	**9.216**
Total comprehensive income	**2.714**	**3.009**	**88.560**	**138.792**
Attributable to:				
Non-controlling interest	1.048	1.160	34.135	63.000
Equity holders of the parent	**1.666**	**1.849**	**54.425**	**75.792**

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT effective as of 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

					Items not to be reclassified to profit/loss	Items to be reclassified to profit/loss				Retained earnings				
	Paid-in share capital	Adjustment to share capital	Treasury shares	Share premium	Gains/(losses) on remeasurement of defined benefit plans	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
Balances at 1 January 2022	**2.536**	**46.957**	**(62)**	**229**	**-**	**22.725**	**(12.012)**	**2.806**	**4.729**	**194.663**	**-**	**262.571**	**228.595**	**491.166**
Transfers	-	-	-	-	-	-	-	-	319	(319)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(5.654)	-	(5.654)	(4.835)	(10.489)
Transactions with non-controlling interests	-	-	-	-	(229)	2.592	993	3.161	-	26.519	-	33.036	(42.572)	(9.536)
Total comprehensive income/(expense)	-	-	-	-	(4.509)	(4.605)	4.466	7.778	-	-	72.662	75.792	63.000	138.792
Balances at 31 December 2022	**2.536**	**46.957**	**(62)**	**229**	**(4.738)**	**20.712**	**(6.553)**	**13.745**	**5.048**	**215.209**	**72.662**	**365.745**	**244.188**	**609.933**
Balances at 1 January 2023	**2.536**	**46.957**	**(62)**	**229**	**(4.738)**	**20.712**	**(6.553)**	**13.745**	**5.048**	**215.209**	**72.662**	**365.745**	**244.188**	**609.933**
Transfers	-	-	-	-	-	-	-	-	5.501	67.161	(72.662)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(9.521)	-	(9.521)	(24.494)	(34.015)
Transactions with non-controlling interests	-	-	-	-	240	(1.093)	78	(807)	-	(4.338)	-	(5.920)	15.714	9.794
Total comprehensive income/(expense)	-	-	-	-	(3.124)	919	(9.647)	(5.953)	-	-	72.230	54.425	34.135	88.560
Balances at 31 December 2023	**2.536**	**46.957**	**(62)**	**229**	**(7.622)**	**20.538**	**(16.122)**	**6.985**	**10.549**	**268.511**	**72.230**	**404.729**	**269.543**	**674.272**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Notes	2023 (*) Million EUR	2023 (*) Million USD	*Audited* 2023 Million TL	*Audited* 2022 Million TL
A. Cash Flows From Operating Activities:					
Profit for the period		3.611	4.001	117.733	129.576
Adjustments to reconcile profit for the period to cash generated from operating activities:					
Tax expense/(income)	18	1.074	1.187	34.962	53.990
Undistributed profits of investments account for using the equity method	8	(943)	(1.044)	(30.720)	(16.157)
Depreciation and amortisation	4	940	1.040	30.612	25.457
Adjustments for provisions	37	92	102	2.990	9.153
Adjustments for impairment loss/(reversal of impairment loss)	37	903	999	29.403	35.098
Adjustments for non-finance sector interest (income)/expenses, net	29	225	250	7.354	19.725
Adjustments for finance sector interest (income)/expenses		(882)	(976)	(28.724)	(58.928)
Fair value losses/(gains) on derivative instruments		(341)	(377)	(11.112)	21.735
Fair value losses/(gains) on financial investments	28	(4)	(5)	(134)	(652)
Unrealised foreign exchange losses/(gains)		2.456	2.718	79.994	(28.547)
- Exchange (gains)/losses on borrowings, net		*6.984*	*7.728*	*227.491*	*121.161*
- Exchange (gains)/losses on cash and cash equivalents, net		*(2.429)*	*(2.687)*	*(79.112)*	*(77.452)*
- Exchange (gains)/losses on financial investments, net		*(2.099)*	*(2.323)*	*(68.385)*	*(72.256)*
Losses/(gains) on disposal of non-current assets	28	(12)	(13)	(386)	178
Losses/(gains) on disposal of financial investments	28	(8)	(9)	(269)	-
Adjustments for dividend income	28	(3)	(3)	(93)	(201)
Gain from bargain purchase	28	0	0	(3)	(2.677)
Changes in net working capital	37	1.006	1.109	32.658	(17.165)
Income taxes refund/(paid)		(995)	(1.101)	(32.405)	(44.333)
Dividends received from Joint Ventures and Associates, net	8	322	356	10.489	10.289
Monetary gain/loss		2.967	3.283	96.667	17.002
Total cash flows from operating activities		**10.408**	**11.517**	**339.016**	**153.543**
B. Cash Flows From Investing Activities:					
Cash outflows from purchases of property, plant and equipment and intangible assets	4	(2.096)	(2.319)	(68.275)	(50.276)
Cash inflows from sale of property, plant and equipment and intangible assets		478	529	15.572	15.139
Cash inflows from sale of shares of Subsidiaries without a change of control		259	287	8.446	-
Cash outflows from acquisition of interest/capital increase in financial assets		(89)	(99)	(2.901)	(547)
Cash outflows from acquisition of additional interest in Subsidiaries		(30)	(33)	(972)	(7.254)
Cash inflows/outflows from acquisition/payments to gain control of Subsidiaries, net		(64)	(70)	(2.069)	2.231
Cash outflows from capital increase of Joint Ventures	8	(11)	(12)	(347)	(899)
Cash inflows from sale of shares of financial assets		10	11	313	(296)
Dividends received	28	3	3	93	201
Other cash inflows/(outflows)		(3.540)	(3.918)	(115.323)	(43.937)
- Cash outflows from purchase/sale of financial assets measured at fair value through other comprehensive income and measured at amortisted cost, net		(3.540)	(3.918)	(115.323)	(43.937)
Total cash flows from investing activities		**(5.080)**	**(5.621)**	**(165.463)**	**(85.638)**
C. Cash Flows From Financing Activities:					
Dividends paid		(1.044)	(1.155)	(34.015)	(10.489)
Cash inflows from borrowings	16	10.662	11.798	347.301	218.303
Cash outflows from repayments of borrowings	16	(10.025)	(11.093)	(326.554)	(161.804)
Cash inflows/(outflows) from derivative instruments, net		249	276	8.114	(23.969)
Cash outflows from payments of lease liabilities	16	(129)	(143)	(4.204)	(4.249)
Non-finance sectors interest paid		(758)	(839)	(24.706)	(24.263)
Non-finance sectors interest received		511	566	16.648	5.000
Cash outflows related to acquisition of own shares of Subsidiaries		-	-	-	(4.090)
Total cash flows from financing activities		**(534)**	**(590)**	**(17.416)**	**(5.561)**
Inflation effect on cash and cash equivalents		(5.426)	(6.004)	(176.733)	(174.284)
Effect of exchange rate changes on cash and cash equivalents		2.429	2.687	79.112	77.452
Net increase/(decrease) in cash and cash equivalents		1.797	1.989	58.516	(34.488)
Cash and cash equivalents at the beginning of the period		11.635	12.875	379.006	391.712
Cash and cash equivalents at the end of the period	**37**	**13.432**	**14.864**	**437.522**	**357.224**

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1.4).

The accompanying notes form an integral part of these consolidated financial statements.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Koç Holding A.Ş. ("Koç Holding") was established on 11 December 1963 in Turkey. Koç Holding's business activities include ensuring the establishment of participating in various companies and promoting the achievements of these companies; ensuring a more profitable, efficient management appropriate for current conditions and creating common service areas and therefore lightening the financial burden of these services on the companies.

Total end of period and average number of personnel employed by the Parent Company Koç Holding, its Subsidiaries and Joint Ventures (together referred as the "Group") by their categories are as follows:

	End of period		**Average**	
	2023	**2022**	**2023**	**2022**
Monthly paid	53.722	52.952	53.514	50.833
Hourly paid	65.656	61.725	66.018	60.080
Total number of personnel	**119.378**	**114.677**	**119.532**	**110.913**

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 2023, shareholding structure of Koç Holding is as follows:

	%
Companies owned by Koç Family members	45,15
Koç Family members	18,65
Vehbi Koç Vakfı	7,26
Koç Holding Emekli ve Yardım Sandığı Vakfı	2,35
Other (*)	26,59
	100,00

(*) Includes treasury shares of 0,04% as of 31 December 2023 (Note 23).

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durables
- Finance
- Other (*)

(*) 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.

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
Balat Tankercilik A.Ş. ("Balat Tankercilik") (1)	Turkey	Petroleum Shipping
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	Turkey	Petroleum Shipping
Çengelköy Tankercilik A.Ş. ("Çengelköy Tankercilik")	Turkey	Petroleum Shipping
Ditaş Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek")	Turkey	Power Generation
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. ("Enspire Enerji")	Turkey	Power Generation
Enkar Doğal Enerji Üretim ve Sanayi Ticaret A.Ş. ("Enkar Enerji") (2)	Turkey	Power Generation
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	Power Generation
Esinti Enerji Üretim Ticaret ve Sanayi A.Ş. ("Esinti Enerji") (2)	Turkey	Power Generation
Florya Tankercilik A.Ş. ("Florya Tankercilik") (1)	Turkey	Petroleum Shipping
Göztepe Tankercilik A.Ş. ("Göztepe Tankercilik")	Turkey	Petroleum Shipping
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik")	Turkey	Petroleum Shipping
Karaköy Tankercilik A.Ş. ("Karaköy Tankercilik")	Turkey	Petroleum Shipping
Karşıyaka Tankercilik A.Ş. ("Karşıyaka Tankercilik")	Turkey	Petroleum Shipping
Kartal Tankercilik A.Ş. ("Kartal Tankercilik")	Turkey	Petroleum Shipping
Körfez Ulaştırma A.Ş. ("Körfez")	Turkey	Air, Sea, Road and Railway Transportation
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik")	Turkey	Petroleum Shipping
Kuruçeşme Tankercilik A.Ş. ("Kuruçeşme Tankercilik")	Turkey	Petroleum Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik")	Turkey	Petroleum Shipping
Maltepe Tankercilik A.Ş. ("Maltepe Tankercilik")	Turkey	Petroleum Shipping
Menzelet Kılavuzlu Elektrik Üretimi A.Ş. ("Menzelet Kılavuzlu Elektrik")	Turkey	Power Generation
Pendik Tankercilik A.Ş. ("Pendik Tankercilik")	Turkey	Petroleum Shipping
Salacak Tankercilik A.Ş. ("Salacak Tankercilik")	Turkey	Petroleum Shipping
Sarıyer Tankercilik A.Ş. ("Sarıyer Tankercilik")	Turkey	Petroleum Shipping
Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo")	Turkey	Cargo Transport/Distribution
T Damla Denizcilik A.Ş. ("T Damla Denizcilik")	Turkey	Mooring and Tug Service
Tarabya Tankercilik A.Ş. ("Tarabya Tankercilik") (1)	Turkey	Petroleum Shipping
Tuzla Tankercilik A.Ş. ("Tuzla Tankercilik")	Turkey	Petroleum Shipping
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Tüpraş Enerji Girişimleri A.Ş. ("Tüpraş Ventures")	Turkey	Technology and Venture Investments
Tüpraş Trading Ltd. ("Tüpraş Trading")	The UK	Petroleum Products Trading
Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")	Turkey	Petroleum Shipping

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Energy Sector (Continued)

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Güney Tankercilik A.Ş. ("Güney Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Kuzey Tankercilik A.Ş. ("Kuzey Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Opet Aygaz Gayrimenkul A.Ş. ("Opet Aygaz Gayrimenkul")	Öztürk Family	Turkey	Real Estate
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. ("Opet Fuchs")	Fuchs Petrolub SE	Turkey	Lubricant Trading
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. ("Opet Market ve Akaryakıt")	Öztürk Family	Turkey	Petroleum Products Trading and Retail
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	Netherlands	Petroleum Products Trading
Tasfiye Halinde Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore") (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 Distribution

(1) Established in 2023.
(2) Acquired in 2023 (Note 3).
(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 has been effective as of 14 February 2023 following the completion of the necessary approvals.

Süloğlu Elektrik Üretimi A.Ş. ("Süloğlu Elektrik") merged with Entek on 2023 November by the acquisition of all of its assets and liabilities by Entek Elektrik Üretimi A.Ş. ("Entek").

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Cronus Finance D.A.C. ("Cronus Finance") (1)	Ireland	Special Purpose Company
Icarus Finance D.A.C. ("Icarus Finance") (1)	Ireland	Special Purpose Company
Olympic Commercial and Tourist Enterprises S.A. ("Olympic")	Greece	Car Rental and Trading
Otokar Europe SAS ("Otokar Europe")	France	Sales and Marketing
Otokar Europe Filiala Bucuresti S.R.L. ("Otokar Europe Filiala")	Romania	Sales and Marketing
Otokar Italia SRL ("Otokar Italia") (2)	Italia	Sales and Marketing
Otokar Land Systems LLC ("Otokar Land Systems")	UAE	Sales and Marketing
Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç ABG Hollanda B.V. ("Otokoç Hollanda")	Netherlands	Investment
Otokoç Azerbaijan MMC ("Otokoç 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 Kazakistan LLP ("Otokoç Kazakistan")	Kazakhstan	Car Rental
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Al Jasoor Heavy Vehicle Industry LLC ("Al Jasoor")	Tawazun	UAE	Sales and Marketing
Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")	Stellantis N.V.	Turkey	Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Deutschland Holding Gmbh	Turkey	Production
Ford Otosan Netherlands B.V. ("Ford Netherlands")	Ford Deutschland Holding Gmbh	Netherlands	Sales and Marketing
Ford Romania SRL ("Ford Romania")	Ford Deutschland Holding Gmbh	Romania	Production
Koç Fiat Kredi Finansman A.Ş. ("Fiat Finans")	Stellantis N.V.	Turkey	Consumer Finance
Koç Fiat Sigorta Aracılık Hizmetleri A.Ş. ("Koç Fiat Sigorta")	Stellantis N.V.	Turkey	Insurance
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Stellantis N.V.	Turkey	Production
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	CNH Osterreich Gmbh	Turkey	Production

(1) Although Otokoç has no shareholding interest, the special purpose company established for securitisation transactions is included in the scope of consolidation.
(2) Otokar, a Subsidiary of the Group, acquired all the shares of Mauri Bus System S.R.L. on 12 September 2023, which was its distributor until that date. Following the acquisition, the title of the company was changed as Otokar Italia S.R.L.

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Consumer Durables Sector

Subsidiaries	Country of incorporation	Nature of business
Arçelik A.Ş. ("Arçelik")	Turkey	Production/Sales
Arçelik Hitachi Home Appliances B.V. ("Arçelik Hitachi")	Netherlands	Holding
Arçelik Hitachi Home Appliances IBC Co. Ltd. ("Arçelik Hitachi Thailand IBC")	Thailand	Services
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd. ("Arçelik Hitachi Shangai")	China	Production/Sales
Arçelik Hitachi Home Appliances (Thailand) Ltd. ("Arçelik Hitachi Thailand")	Thailand	Production/Sales
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd ("Arçelik Hitachi Singapore")	Singapore	Sales
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd. ("Arçelik Hitachi Sales Thailand")	Thailand	Sales
Arçelik Hitachi Home Appliances Sales (Malaysia) Sdn. Bhd. ("Arçelik Hitachi Malaysia")	Malaysia	Sales
Arçelik Hitachi Home Appliances Sales (Middle East) Fze ("Arçelik Hitachi Dubai")	UAE	Sales
Arçelik Hitachi Home Appliances Sales (Vietnam) Co., Ltd. ("Arçelik Hitachi Vietnam")	Vietnam	Sales
Arçelik Hitachi Home Appliances Sales (Hong Kong) Limited ("Arçelik Hitachi Hong Kong")	Hong Kong, China	Sales
Arçelik Hitachi Taiwan Home Appliances Sales Ltd. ("Arçelik Hitachi Taiwan")	Taiwan	Sales
Arçelik Pazarlama A.Ş. ("Arçelik Pazarlama")	Turkey	Service/Sales/Marketing
Arch R&D Co. Ltd. ("Arch R&D")	China	R&D
Arcwaste Collection SRL ("Arcwaste")	Romania	Services
Beko A and NZ Pty Ltd. ("Beko Australia")	Australia	Sales
Beko A and NZ Pty Ltd. New Zealand Branch ("Beko New Zealand")	New Zealand	Sales
Beko Algeria EURL ("Beko Algeria")	Algeria	Sales
Beko APAC IBC Co. ("Beko APAC")	Thailand	Services
Beko Appliances Indonesia, PT ("Beko Indonesia")	Indonesia	Sales
Beko Appliances Malaysia Sdn Bhd. ("Beko Malaysia")	Malaysia	Sales
Beko Austria AG ("Beko Austria") (1)	Austria	Sales
Beko Azerbaycan MMC ("Beko Azerbaycan")	Azerbaijan	Sales
Beko Balkans D.O.O ("Beko Balkans")	Serbia	Sales
Beko Bangladesh B.V. ("Beko Bangladesh") (1)	Netherlands	Holding
Beko Belgium N.V. ("Beko Belgium") (2)	Belgium	Sales
Beko B.V. ("Beko B.V.") (1)	Netherlands	Holding
Beko B.V. Taiwan ("Beko B.V. Taiwan") (1)	Taiwan	Procurement
Beko Central Asia LLC ("Beko Central Asia")	Kazakhstan	Sales
Beko Cesko ("Beko Cesko") (3)	Czechia	-
Beko Croatia d.o.o. ("Beko Croatia") (4)	Croatia	Sales
Beko Egypt Home Appliances Industries LLC ("Beko Egypt LLC")	Egypt	Production/Sales
Beko Egypt Trading LLC ("Beko Egypt")	Egypt	Sales
Beko Europe B.V. ("Beko Europe") (5)	Netherlands	Holding
Beko France S.A.S. ("Beko France")	France	Sales
Beko Germany GmbH ("Beko Germany") (1)	Germany	Sales
Beko Greece SMSA ("Beko Greece") (1)	Greece	Sales
Beko Gulf FZE ("Beko Gulf")	UAE	Sales
Beko Hong Kong Ltd. ("Beko Hong Kong")	Hong Kong, China	Procurement
Beko Hungary Kft ("Beko Hungary")	Hungary	Sales
Beko Israel Household Appliances Ltd. ("Beko Israel")	Israel	Marketing
Beko Italy SRL ("Beko Italy")	Italy	Sales
Beko LLC. ("Beko Russia")	Russia	Production/Sales
Beko Morocco Household Appliances SARL ("Beko Morocco")	Morocco	Sales
Beko Netherlands B.V. ("Beko Netherlands") (2)	Netherlands	Sales
Beko Nordic AB. ("Beko Sweden") (1)	Sweden	Sales
Beko Nordic AB, Finland Branch of Nordic AB ("Beko Finland") (4)	Finland	Sales
Beko Nordic AS ("Beko Norway") (1)	Norway	Sales
Beko Nordic AS, Denmark Branch of Beko Nordic AS ("Beko Denmark") (4)	Denmark	Sales
Beko Pilipinas Corporation ("Beko Philippines")	Philippines	Sales
Beko Plc. ("Beko UK")	The UK	Sales
Beko Plc. ("Beko Ireland")	Ireland	Sales
Beko Portugal, Unipessoal LDA ("Beko Portugal") (1)	Portugal	Sales
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales
Beko Spain Electronics S.L. ("Beko Espana") (4)	Spain	Sales
Beko Switzerland GmbH ("Beko Switzerland") (1)	Switzerland	Sales

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Consumer Durables Sector (Continued)

Subsidiaries	Country of incorporation	Nature of business
Beko S.A. ("Beko Polska")	Poland	Sales
Beko S.A. Czech Republic ("Beko Czech") (1)	Czechia	Sales
Beko Thai Co.Ltd. ("Beko Thailand")	Thailand	Production/Sales
Beko Ukraine LLC ("Beko Ukraine")	Ukraine	Sales
Beko US INC. ("Beko US")	United States of America	Sales
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Trading
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/Sales
Dawlance (Private) Ltd. ("DPL")	Pakistan	Production/Sales
Defy Appliacnes (Proprietary) Limited ("Defy")	South Africa	Production/Sales
Defy (Botswana) (Proprietary) Limited ("Defy Botswana")	Botswana	Sales
Defy (Namibia) (Proprietary) Limited ("Defy Namibia")	Namibia	Sales
Defy Sales East Africa Limited ("Defy Kenya")	Kenya	Sales
Defy (Swaziland) (Proprietary) Limited ("Defy Swaziland")	Swaziland	Sales
DEL Electronics (Pvt.) Ltd. ("DEL")	Pakistan	Sales
Grundig Intermedia Ges.m.b.H ("Grundig Austria") (3)	Austria	-
Grundig Multimedia A.G. ("Grundig Switzerland")	Switzerland	Sales
IHP Appliances Sales LLC ("IHP Appliances Sales")	Russia	Sales
IHP Appliances JSC ("IHP Appliances JSC")	Russia	Production/Sales
IHP Kazakhstan LLP ("IHP Kazakhstan LLP")	Kazakhstan	Sales
Life Tech Trading DMCC ("Life Tech")	UAE	Sales
Pan Asia Private Equity Ltd. ("Pan Asia")	British Virgin Islands	Holding
PT Arçelik Hitachi Home Appliances Sales Indonesia ("Arçelik Hitachi Indonesia")	Indonesia	Sales
PT Home Appliances Indonesia ("PT Home")	Indonesia	Sales
SC Arctic SA ("Arctic")	Romania	Production/Sales
Singer Bangladesh Limited ("Singer Bangladesh")	Bangladesh	Production/Sales
United Refrigeration Industries Ltd. ("United Refrigeration")	Pakistan	Production/Sales
Vietbeko Limited Liability Company ("Vietbeko")	Vietnam	Sales
Wat Mobilite Çözümleri Teknoloji ve Ticaret A.Ş. ("Wat Mobilite")	Turkey	Sales
Wat Motor San. ve Tic. A.Ş. ("Wat Motor")	Turkey	Production/Sales

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) The title changes of the related companies were registered in 2023.
(2) Entire shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (The Netherlands) were acquired in 2023. Following the transaction, the titles of the companies were changed as Beko Belgium N.V. and Beko Netherlands B.V. (Note 3).
(3) Non-operational companies as of the balance sheet date.
(4) The title changes of the related companies were registered in 2024.
(5) Established in 2023.

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Finance Sector

Subsidiaries	Country of incorporation	Nature of business
KF Sigorta Aracılık Hizmetleri A.Ş. ("KF Sigorta") (1)	Turkey	Insurance
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	Turkey	Holding
Koç Finansman A.Ş. ("Koç Finansman")	Turkey	Consumer Finance
Stiching Custody Services YKB ("Stiching Custody")	Netherlands	Custody
Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaycan")	Azerbaijan	Banking
Yapı Kredi Bankası Nederland N.V. ("Yapı Kredi Nederland")	Netherlands	Banking
Yapı Kredi Diversified Payment Rights Finance Company ("Yapı Kredi SPC") (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")	Netherlands	Financial Consulting
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Turkey	Portfolio Management
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Yatırım")	Turkey	Brokerage
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")	Turkey	Banking

Associates	Country of incorporation	Nature of Business
Allianz Yaşam ve Emeklilik A.Ş. ("Allianz Emeklilik")	Turkey	Insurance
Banque de Commerce et de Placements S.A. ("Banque de Commerce")	Switzerland	Banking

(1) Subsidiary of Koç Finansman and included in the scope of consolidation in 2023.
(2) Although Yapı Kredi Bankası has no shareholding interest, the special purpose company established for securitisation transactions is included in the scope of consolidation.

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Other Sectors

Subsidiaries	Country of incorporation	Nature of business
Ayvalık Marina ve Yat İşletmeciliği San. Ve Tic. A.Ş. ("Ayvalık Marina")	Turkey	Tourism
Divan Turizm İşletmeleri A.Ş. ("Divan")	Turkey	Tourism
Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey")	Turkey	Trading
Entegart Teknoloji 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. ("Koç Investments")	Netherlands	Investment
KoçSistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	Turkey	Technology
KoçSistem Azerbaijan LLC ("Koç Sistem 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
Select Tours AT ("Select Tours") (1)	Austria	Tourism
Setur Antalya Marina İşletmeciliği A.Ş. ("Antalya Marina")	Turkey	Tourism
Setur GmbH ("Setur GmbH") (1)	Germany	Duty Free
Setur Servis Turistik A.Ş. ("Setur")	Turkey	Tourism
Setur Yalova Marina İşletmeciliği A.Ş. ("Yalova Marina")	Turkey	Tourism
Tat Gıda Sanayi A.Ş. ("Tat Gıda") (2)	Turkey	Food
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")	Turkey	Tourism
Token Azerbaycan MMC ("Token Azerbaycan")	Azerbaijan	Payment Services
Token Finansal Teknolojiler A.Ş. ("Token")	Turkey	Information Technologies
Token Ödeme Hizmetleri ve Elektronik Para A.Ş. ("Token Ödeme Hizmetleri")	Turkey	Payment Services
Token International Holdings B.V. ("Token International")	Netherlands	Holding
Token Payment Services SRL ("Token Payment")	Romania	Payment Services
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer Ticaret")	Turkey	Trading

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Ingage Dijital Pazarlama Hizmetleri A.Ş. ("Ingage")	Russell Square Holding	Turkey	Digital Marketing
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market")	Kingfisher Plc	Turkey	Retail
Makmarin Kaş Marina İşl. Turizm ve Tic. A.Ş. ("Kaş Marina")	Makyol İnşaat	Turkey	Tourism
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Torunlar GYO A.Ş.	Turkey	Tourism

For the purpose of segment presentation in these consolidated financial statements; Koç Holding's stand-alone financial statements have been included in the "Other" segment (Note 4).

(1) Included in the scope of consolidation in 2023.
(2) The sale of Tat Gıda shares was completed on 19 February 2024 (Note 38).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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" by POA and the format and mandatory information recommended by CMB.

Koç Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance, banking law, accounting principles and instructions promulgated by the Banking Regulation and the Supervision Agency ("BRSA") and TFRS together with notes and explanations related to the accounting and financial reporting standards issued by POA in case of no specific regulations have been introduced by these institutions. Foreign Subsidiaries, Joint Ventures and Associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognised in business combinations. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

2.1.2 Financial reporting in hyperinflationary economies

Pursuant to the decision of the CMB dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that entities applying TFRS to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. In accordance with the aforementioned CMB decision and the announcement made by POA on 23 November 2023 and the "Guidance on Financial Reporting in Hyperinflationary Economies", the Group has prepared the consolidated financial statements as of 31 December 2023 by applying TAS 29. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

As of 31 December 2023, the indices and adjustment coefficients which obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK) and used in the adjustment of the consolidated financial statements for the current and prior periods since 1 January 2005, the date on which TL ceased to be designated as the currency of a hyperinflationary economy, are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1.859,38	1,00000	268%
31 December 2022	1.128,45	1,64773	156%
31 December 2021	686,95	2,70672	74%

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The main factors regarding financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TL are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Monetary assets and liabilities (such as cash and cash equivalents, trade receivables and payables, receivables and payables from financial sector operations, borrowings) are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items (such as inventories, property, plant and equipment, intangible assets, investment properties and equity items) exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.

- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

- The impact of inflation on the Group's net monetary asset position in the current period is recognized under net monetary gain/(loss) account in the consolidated income statement. The purchasing power of companies carrying more monetary assets than monetary liabilities weakens with inflation, while the purchasing power of companies carrying more monetary liabilities than monetary assets increases with inflation. Net monetary position gain or loss is derived from the restatement differences of non-monetary items, shareholders' equity, items in the income statement and other comprehensive income statement and index-linked monetary assets and liabilities.

2.1.3 Comparatives and adjustment of prior periods' financial statements

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

Comparative Figures

As explained in Note 2.1.2, figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the currency of the reporting period end. Information disclosed for prior periods is also expressed in the currency of the reporting period.

2.1.4 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the consolidated financial tables prepared in accordance with the TFRS have been translated from TL, at the official EUR and USD bid rates announced by the CBRT effective as of 31 December 2023 of TL32,5739 = EUR1 and TL29,4382 = USD1, respectively and do not form part of these consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Amendments in International Financial Reporting Standards

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 31 December 2023 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2022 except for the new and amended TFRS standards which are valid as of 1 January 2023 and Turkey Financial Reporting Interpretations Committee’s (“TFRIC”) interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2023:

- TAS 1 - “Practice Statement 2” and narrow scope amendments to TAS 8
- TAS 12 - “Deferred tax related to assets and liabilities arising from a single transaction”
- TAS 12 - “International tax reform - Pillar Two Model Rules (Amendments)”

These amendments did not have any significant impact on the financial position or performance of the Group.

Standards and amendments that are issued but not effective as of 31 December 2023:

- TFRS 16 - “Leases on sale and leaseback”
- TAS 1 - “Non-current liabilities with covenants (Amendments)”
- TAS 1 and TFRS 7 - “Supplier finance arrangements (Amendments)”
- TAS 21 - “Lack of Exchangeability”
- TSRS 1 - “General requirements for disclosure of sustainability-related financial information”
- TSRS 2 - “Climate-related disclosures”

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

2.3 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group doesn’t have any significant changes in accounting policy or accounting estimates in the current period.

2.4 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements are summarised below:

2.4.1 Group accounting

a) The consolidated financial statements include the accounts of the parent company, Koç Holding, its Subsidiaries, its Joint Ventures and its Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with “TFRS” and the application of uniform accounting policies and presentation.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

b) Subsidiaries are companies over which Koç Holding has the power to control the financial and operating policies for the benefit of Koç Holding, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and by certain Koç Family members or companies owned by them whereby Koç Holding exercises control over the ownership interest of the shares held by them and shares to be used according to Koç Holding preferences; or (b) although not having the power to exercise more than 50% of the ownership interest, Koç Holding has power to control the investee due to the dispersed capital structure of the investee and/or Koç Holding has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Koç Holding in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
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)	59,77	59,71	100,00	100,00	-	-	100,00	100,00
Arch R&D (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Arctic (2)	44,62	43,68	96,72	96,72	-	-	96,72	96,72
Arcwaste (2)	44,62	43,68	96,72	96,72	-	-	96,72	96,72
Arçelik (2)	46,13	45,16	51,62	50,75	11,42	11,42	63,04	62,17
Arçelik Hitachi (2)	27,68	27,10	60,00	60,00	-	-	60,00	60,00
Arçelik Hitachi Dubai (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Hong Kong (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Indonesia (2)	18,68	18,29	67,50	67,50	-	-	67,50	67,50
Arçelik Hitachi Malaysia (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Sales Thailand (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Shanghai (2)	26,29	25,74	95,00	95,00	-	-	95,00	95,00
Arçelik Hitachi Singapore (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Taiwan (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Thailand (2)	23,27	22,78	84,07	84,07	-	-	84,07	84,07
Arçelik Hitachi Thailand IBC (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Vietnam (2)	27,68	27,10	100,00	100,00	-	-	100,00	100,00
Arçelik Pazarlama (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Aygaz	40,68	40,68	40,68	40,68	10,53	10,53	51,21	51,21
Aygaz İletim	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Aygaz Toptan Satış	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Ayvalık Marina (1)	60,03	59,97	97,45	97,45	2,55	2,55	100,00	100,00
Bakırköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Bal Kaynak Su	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Balat Tankercilik (3)	36,90	-	100,00	-	-	-	100,00	-
Beko Algeria (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko APAC (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Australia (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Austria (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Azerbaycan (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Balkans (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Bangladesh (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Belgium (5)	46,13	-	100,00	-	-	-	100,00	-
Beko B.V. (2, 4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko B.V. Taiwan (2, 4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Central Asia (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Cesko (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko China (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Croatia (2,6)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Czech (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Denmark (2,6)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Egypt (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Egypt LLC (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Espana (2,6)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Europe (3)	46,13	-	100,00	-	-	-	100,00	-
Beko Finland (2,6)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko France (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Germany (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Greece (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Gulf (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Hong Kong (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Hungary (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Indonesia (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Ireland (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Israel (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Italy (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Malaysia (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Morocco (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Netherlands (5)	46,13	-	100,00	-	-	-	100,00	-
Beko New Zealand (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Norway (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Philippines (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Polska (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Portugal (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Russia (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Shanghai (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Slovakia (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Sweden (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Switzerland (2,4)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Thailand (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko UK (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko Ukraine (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beko US (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Beykoz Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Bilkom (7)	100,00	82,34	100,00	100,00	-	-	100,00	100,00
Çengelköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
DEL (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
DPL (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy Botswana (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy Kenya (2)	46,13	45,16	100,00	100,00	-	-	100,00	100,00

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Defy Namibia [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Defy Swaziland [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Ditaş	36,90	36,90	80,00	80,00	-	-	80,00	80,00
Divan [1]	40,16	40,13	51,77	51,77	48,23	48,23	100,00	100,00
Düzey	32,73	32,73	33,36	33,36	61,33	61,33	94,68	94,68
Eltek	45,77	45,77	100,00	100,00	-	-	100,00	100,00
Enerji Yatırımları	85,73	85,73	98,50	98,50	-	-	98,50	98,50
Enkar Enerji [5]	45,77	-	100,00	-	-	-	100,00	100,00
Enspire Enerji	45,77	45,77	100,00	100,00	-	-	100,00	100,00
Entegart [1,2]	73,49	70,44	100,00	100,00	-	-	100,00	100,00
Entek	45,77	45,77	99,23	99,23	-	-	99,23	99,23
Esinti Enerji [5]	38,56	-	85,90	-	-	-	85,90	-
Florya Tankercilik [3]	36,90	-	100,00	-	-	-	100,00	-
Göztepe Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Grundig Austria [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Grundig Switzerland [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
IHP Appliances Sales [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
IHP Appliances JSC [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
IHP Kazakhstan [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Kadıköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Kandilli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Karaköy Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Karşıyaka Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Kartal Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
KF Sigorta [2, 8]	72,87	72,41	100,00	100,00	-	-	100,00	100,00
Koç Bilgi ve Savunma [1,2]	63,24	60,33	92,24	92,24	7,76	7,76	100,00	100,00
Koç Finansal Hizmetler	86,62	86,62	89,70	89,70	5,96	5,96	95,66	95,66
Koç Finansman [2]	72,87	72,41	100,00	100,00	-	-	100,00	100,00
Koç Investments B.V.	55,00	55,00	55,00	55,00	45,00	45,00	100,00	100,00
KoçDigital [1]	48,39	41,15	100,00	100,00	-	-	100,00	100,00
KoçSistem [1]	48,39	41,15	48,43	41,18	46,62	53,17	95,05	94,35
KoçSistem Azerbaycan [1]	48,39	41,15	100,00	100,00	-	-	100,00	100,00
Koç Yapı Malzeme	49,21	49,21	49,21	49,21	47,62	47,62	96,84	96,84
Körfez	46,12	46,12	100,00	100,00	-	-	100,00	100,00
Kuleli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Kuruçeşme Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Kuzguncuk Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Life Tech [7]	100,00	82,34	100,00	100,00	-	-	100,00	100,00
Maltepe Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Mares [9]	49,98	38,64	49,98	41,54	26,49	33,46	76,46	75,00
Menzelet Kılavuzlu Elektrik	45,77	45,77	100,00	100,00	-	-	100,00	100,00
Olympic	57,27	57,27	100,00	100,00	-	-	100,00	100,00
Otokar [10]	44,90	44,90	44,92	44,92	2,70	2,70	47,62	47,62
Otokar Europe [10]	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar Europe Filiala [10]	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar Italia [5,10]	44,90	-	100,00	-	-	-	100,00	-
Otokar Land Systems [10]	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokoç	96,42	96,42	96,57	96,57	3,43	3,43	100,00	100,00
Otokoç Azerbaycan	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Holland	57,27	57,27	59,40	59,40	-	-	59,40	59,40
Otokoç Hungary	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Kazakistan	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Sigorta	48,23	48,23	50,02	50,02	49,98	49,98	100,00	100,00
Pan Asia [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Pendik Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
PT Home [2]	30,91	30,26	67,00	67,00	-	-	67,00	67,00
Ram Dış Ticaret [2]	59,60	59,28	83,45	83,45	14,66	14,66	98,11	98,11
RMK Marine [1]	58,90	58,88	69,49	69,49	30,51	30,51	100,00	100,00

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Salacak Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Sarıyer Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Select Tours [1,8]	35,10	35,01	75,00	75,00	-	-	75,00	75,00
Sendeo	67,38	67,38	100,00	100,00	-	-	100,00	100,00
Setur [1]	46,80	46,68	81,13	81,13	18,87	18,87	100,00	100,00
Setur GmbH [1]	46,80	46,68	100,00	100,00	-	-	100,00	100,00
Singer Bangladesh [2]	26,29	25,74	56,99	56,99	-	-	56,99	56,99
Stitching Custody [11]	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Süloğlu Elektrik [12]	-	45,77	-	100,00	-	-	-	100,00
T Damla Denizcilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Tarabya Tankercilik [3]	36,90	-	100,00	-	-	-	100,00	-
Tat Gıda [13]	43,84	43,84	44,07	44,07	7,12	7,12	51,19	51,19
Tek-Art Marina [1]	59,77	59,71	89,27	89,27	10,73	10,73	100,00	100,00
Token	54,44	54,44	54,44	54,44	45,56	45,56	100,00	100,00
Token Azerbaycan	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token International	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token Ödeme Hizmetleri	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token Payment	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Tuzla Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Tüpraş	46,12	46,12	52,75	52,75	0,48	0,48	53,22	53,22
Tüpraş Enerji Girişimleri	46,12	46,12	100,00	100,00	-	-	100,00	100,00
Tüpraş Trading	46,12	46,12	100,00	100,00	-	-	100,00	100,00
United Refrigeration [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Üsküdar Tankercilik	36,90	36,90	100,00	100,00	-	-	100,00	100,00
Vietbeko [2]	46,13	45,16	100,00	100,00	-	-	100,00	100,00
Wat Mobilite	51,83	51,83	88,00	88,00	-	-	88,00	88,00
Wat Motor	55,00	55,00	100,00	100,00	-	-	100,00	100,00
Yalova Marina [1]	59,78	59,72	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Azerbaycan [11]	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Bankası [11]	55,69	62,49	61,17	67,97	-	-	61,17	67,97
Yapı Kredi Faktoring [11]	55,67	62,47	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Finansal Kiralama [11]	55,68	62,49	99,99	99,99	-	-	99,99	99,99
Yapı Kredi Holding [11]	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Yatırım [11]	55,67	62,48	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Nederland [11]	55,69	62,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Portföy [11]	55,66	62,46	100,00	100,00	-	-	100,00	100,00
Zer Ticaret	39,54	39,54	39,54	39,54	60,11	60,11	99,65	99,65

(1) Koç Holding's effective ownership interest rate has changed following the capital increase in KoçSistem, which was covered by Koç Holding in 2023.
(2) Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to Koç Holding Emekli ve Yardım Sandığı Vakfı and constituting 0,87% of Arçelik's share capital.
(3) Established in 2023.
(4) The title changes of the related companies were registered in 2023.
(5) Acquired in 2023.
(6) The title changes of the related companies were registered in 2024.
(7) Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to KoçSistem constituting 30% of Bilkom's share capital.
(8) Included in the scope of consolidation in 2023.
(9) Koç Holding's effective ownership interest rate has changed following the sale of treasury shares constituting 4,73% of Mares's share capital and capital increase in Mares, which was covered by Koç Holding in 2023.
(10) 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.
(11) Koç Holding's effective ownership interest rate has changed following the sale of 6,81% of Yapı Kredi Bankası's shares owned by Koç Holding to institutional investors through an accelerated bookbuild process.
(12) Süloğlu Elektrik merged with Entek on 10 November 2023 by the acquisition of all of its assets and liabilities by Entek.
(13) The sale of shares, corresponding to 49,04% of Tat Gıda's capital and 15 founder usufruct shares held by Koç Holding, Koç Group companies, Koç Family Members and foundations related to Koç Group to Memişoğlu Tarım Ürünleri Ticaret Limited Şirketi, transfer and payment transactions were completed on 19 February 2024.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and one or more other parties. Koç Holding exercises such joint control through direct and indirect voting rights related to the shares held by itself and/or through the voting rights related to the shares held by Koç Family members and the companies owned by them.

"TFRS 11 Joint Arrangements", requires the application of the equity method for the consolidation of interests in joint ventures in accordance with "TAS 28 Investments in Associates and Joint Ventures".

Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of the acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions (dividends etc.) received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount are necessary for the change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. For changes in the equity of an investee that do not go through the investee's profit or loss or other comprehensive income, the Group adjusts the carrying value of its investment with a corresponding change in its own equity.

Direct and indirect ownership held by Koç Holding is used in the equity accounting of Joint Ventures.

Voting rights of the Joint Ventures and their effective interests (%):

	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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Al Jasoor	22,00	22,00	49,00	49,00	-	-	49,00	49,00
Arçelik LG Klima (1)	25,76	25,32	50,00	50,00	-	-	50,00	50,00
Fer-Mas	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Fiat Finans	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Ford Otosan	38,65	38,65	38,65	38,65	0,67	0,67	39,32	39,32
Ford Otosan Netherlands	38,65	38,65	39,32	39,32	-	-	39,32	39,32
Ford Romania	38,65	38,65	39,32	39,32	-	-	39,32	39,32
Güney Tankercilik	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Ingage	19,70	19,70	19,70	19,70	30,07	30,07	49,77	49,77
Kaş Marina (2)	29,89	29,85	50,00	50,00	-	-	50,00	50,00
Koç Fiat Sigorta	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Koçtaş Yapı Market	43,49	43,50	50,00	50,00	-	-	50,00	50,00
Kuzey Tankercilik	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Netsel	32,88	32,84	55,00	55,00	-	-	55,00	55,00
Opet	19,75	19,75	41,33	41,33	7,00	7,00	50,00	50,00
Opet Aygaz Gayrimenkul	30,22	30,22	50,00	50,00	-	-	50,00	50,00
Opet Fuchs	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Opet International	19,75	19,75	50,00	50,00	-	-	50,00	50,00
Opet Market ve Akaryakıt	19,75	19,75	50,00	50,00	-	-	50,00	50,00
Opet Trade BV	19,75	19,75	50,00	50,00	-	-	50,00	50,00
Opet Trade Singapore	19,75	19,75	50,00	50,00	-	-	50,00	50,00
THY Opet	9,87	9,87	50,00	50,00	-	-	50,00	50,00
Tofaş	37,59	37,59	37,59	37,59	0,27	0,27	37,86	37,86
Türk Traktör	37,50	37,50	37,50	37,50	-	-	37,50	37,50
United LPG	20,34	20,34	50,00	50,00	-	-	50,00	50,00
VoltBek (1)	23,60	23,13	50,00	50,00	-	-	50,00	50,00

(1) Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to Koç Holding Emekli ve Yardım Sandığı Vakfı and constituting 0,87% of Arçelik's share capital.

(2) Koç Holding's effective ownership interest rate has changed following the capital increase in KoçSistem, which was covered by Koç Holding in 2023.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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	
Joint Ventures	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Allianz Emeklilik (1)	11,14	12,50	20,00	20,00	-	-	20,00	20,00
Banque de Commerce (1)	17,08	19,16	30,67	30,67	-	-	30,67	30,67

(1) Koç Holding's effective ownership interest rate has changed following the sale of 6,81% of Yapı Kredi Bankası's shares owned by Koç Holding to institutional investors through an accelerated bookbuild process.

e) Financial assets in which the Group together with Koç Family members, has ownership interests below 20%, or over 20% but which the Group and Koç family members does not exercise a significant influence or which are not exposed to significant influence of variable returns or which are immaterial are classified as financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income in the consolidated financial statements.

f) Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests". Certain Koç Family members and companies controlled by them have interests in the share capital of certain subsidiaries. In the consolidated financial statements, these interests of Koç Family members and companies controlled by them are treated as non-controlling interests and are not included in the Group's net assets and profits attributable to the equity holders of the parent.

2.4.2 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The sectors reported under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment; hence they have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, should be 10 percent or more of the combined revenue, internal and external, of all internal and external operating segments; the absolute amount of its reported profit or loss should be 10 percent or more of the combined profit or loss or its total assets should be 10 percent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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".

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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.4 Discontinued operations and assets and liabilities held for sale

Discontinued operation is a major line of business or geographical area of operations that is part of a single coordinated plan to be disposed of or is held-for-sale.

A single amount on the face of the income statements comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised by the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Group of non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Liabilities directly associated with those assets are classified similarly.

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. These assets are not depreciated.

2.4.5 Related parties

For the purpose of these consolidated financial statements, shareholders, parents of Koç Holding A.Ş, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as "related parties".

2.4.6 Financial assets

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss in accordance with TFRS 9.

The classification of financial assets is determined considering the business model under which the financial asset is being managed and contractual cash flows representing solely payments of principal and interest of the financial asset. The appropriate classification of financial assets is determined at the time of the purchase.

Assessment of the business model

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a single instrument basis approach for classification and should be determined on a higher level of aggregation. During the assessment of the business model for management of financial assets, all relevant evidences (policies and targets specified for the portfolio, how the performance of the portfolio is evaluated and reported to the Group's management, how additional payments to management are determined, the risks that affect the performance of the business model and the frequency, volume and timing of sales in prior periods, the reasons for such sales and the expectations about future sales activity) at the assessment date have been taken into consideration.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The business models are divided into three categories. These categories are defined below:

Business model whose objective is to hold assets in order to collect contractual cash flows:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. That is, the Group manages the assets held within the portfolio to collect those particular contractual cash flows. Although the objective of Group's business model may be to hold financial assets in order to collect contractual cash flows, the Group does not need to hold all of those instruments until their maturity. Thus, the Group's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future.

Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's management has made a decision on both collecting contractual cash flows and selling financial assets are necessary for achieving the objective of the business model. There are various objectives that may be consistent with this type of business model. For example, the objective of the business model may be to manage liquidity needs on daily basis, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities funding those assets. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to a business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A business model in which the Group manages its financial assets in order to obtain cash flows arising from their sales, result in the measurement of financial assets by reflecting the fair value changes to profit or loss. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the credit risk associated with the time value of money and the unpaid principal amount over a specified period and other basic lending risks and costs.

When evaluating whether the contractual cash flows are solely payments of principal and interest, the Group considers the terms of the contract for the relevant financial instrument. This assessment includes contract terms such as; conditions that may change the amount or timing of cash flows, leverage features, prepayment and extension terms, terms that limit the Group's claim to demand cash flows from specified assets and features that modify consideration of the time value of money.

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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.9 Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

The Group collects a part of its receivables through factoring. The amounts that the factoring company takes the risk of collection are deducted from the related receivables accounts. The amount that the Group's collection risk continues are presented in the consolidated financial statements and the amount received from the factoring company in exchange of those receivables is classified as factoring payables under the "Borrowings" account in the consolidated financial statements. Factoring transactions do not change the "hold to collect" business model of the Group as long as only short-term receivables are factored and / or factoring transactions are not frequent.

Impairment

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

Group uses a provision matrix for the calculation of the expected credit losses on trade receivables which is based on past experience and future expectations. The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period. The changes in the expected credit losses on trade receivables are accounted for under "other operating income/expenses" account of the consolidated statement of income.

2.4.10 Receivables from finance sector operations

Financial assets generated as a result of lending money or providing a loan are classified as receivables from finance sector operations and are carried at amortised cost, less any impairment. All loans and advances are recognised in the consolidated financial statements when cash is transferred to customers.

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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

"Stage 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

"Stage 3", includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements.

The changes in the expected credit losses on receivables from finance sector operations are accounted for under "other operating income/expenses" account of the consolidated statement of income.

2.4.11 Credit finance income/expenses

Credit finance income/expenses represent imputed finance charges on credit sales and purchases. Such income and expenses are recognised using the effective yield method over the period of credit sales and purchases within the materiality principle and classified under "other operating income/expenses" in the consolidated statement of income.

2.4.12 Inventories

Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories is determined by the weighted average method. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.4.13 Assets used in operational lease

Assets used in operational lease include the motor vehicles of Otokoç, a Subsidiary of the Group, resourced in rent a car service. The Group classifies the assets, used in operating leases and owned to be leased for over one year, as "property, plant and equipment"; and classifies the assets owned to be leased for shorter than one year and expected to be disposed at the end of related leasing period in the ordinary business of Otokoç, as "other current assets". The difference between the cost and the estimated second-hand sales price of the related assets is depreciated on a straight-line basis over the duration of rent contracts. The assets used in operating lease are transferred to inventories based on their remaining net carrying values when they are decided to be sold at the end of their leasing period.

2.4.14 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives, ranging from 3-50 years.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.15 Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	5 - 50 years
Land improvements	3 - 50 years
Machinery and equipment	3 - 50 years
Furniture and fixtures	2 - 50 years
Motor vehicles	3 - 25 years
Leasehold improvements	3 - 10 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

2.4.16 Intangible assets and related amortisation

Intangible assets comprise usage rights, brands, development costs, information systems, customer relationships, generation licenses and other identified rights. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Cost of an intangible asset acquired by a business combination is its fair value at the acquisition date. Intangible assets with indefinite useful lives are not amortised, however are tested for impairment annually. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Rights	4 - 15 years
Brands	Indefinite useful life
Development costs	2 - 10 years
Customer relationships	8 - 50 years
Other intangible assets	5 - 40 years

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.17 Leases

Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.
  Group has the right to direct the use of the asset throughout the period of use only if either:

  a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
  b) Relevant decisions about how and for what purpose the asset is used are predetermined:
     i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
     ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) The amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group, and
d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Group measures the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made, and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Options to extend and terminate

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. The majority of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Group - as a lessor

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

2.4.18 Business combinations and goodwill

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in "Gains from investment activities" as a gain from bargain purchase.

Under this method, the cost of an acquisition is measured over the fair value of cash and other assets given as of the acquisition date, equity instruments issued or liabilities incurred. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than the cost of business combination at acquisition date is adjusted.

Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date in the scope of TFRS 3.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

TFRS 3 is not applicable to legal merges between the entities controlled by the Group. As a result of these transactions, no goodwill is recognised.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "transactions under common control" in "prior years' income".

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.19 Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the balance sheet date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax asset for all deductible temporary differences arising from investments in Subsidiaries, only to the extent that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority with the condition of being same taxpayer entity and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.20 Financial liabilities

Financial liabilities are measured initially at fair value. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are excluded from the balance sheet when the obligation specified in the contract is fulfilled, canceled or expired. When the terms of a financial liability are renegotiated or transferred to another party, the difference between the carrying value of the financial liability and the amount paid, including the transferred non-cash assets and liabilities, is recognised in the income statement as profit or loss.

2.4.21 Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.4.22 Provisions for employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses and recognised under other comprehensive income.

b) Pension rights

The personnel of Yapı Kredi Bankası, a Subsidiary of the Group, are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law numbered 506. Pension fund liabilities are determined by a registered independent actuary based on audited actuary report.

Paragraph one of temporary article 23 of the Banking Act published in the Official Gazette dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years of the published date of the article. Law article related to the transfer was cancelled by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article was suspended from the date of the publication of the decision.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, numbered 26731. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force. With the New Law, the pension funds of the banks are transferred to the SSI in three years from the issuance date of the related article and this period can be extended for maximum two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated 9 April 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated 8 March 2012, Council of Ministers was authorised to increase the two year extension period to four years. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the date of the transfer. The Council of Ministers was authorised to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. The President was authorised to determine the transfer date of pension funds in accordance with the Official Gazette dated 9 July 2018 and numbered 30473.

Under the New Law, a committee is decided to be formed, whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organisation, BRSA and Saving Deposit Insurance Fund ("SDIF") representing the Fund and one member representing the Fund members. This committee is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration the income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, the social rights and payments of Fund members and their beneficiaries, which are not provided although they are included in the Fund Title Deed, will be provided by the Fund and the employers of the Fund members.

Yapı Kredi Bankası accounts for a provision for the technical deficit based on the report prepared by a registered actuary with the rates determined by the New Law and in accordance with "TAS 19 - Employee Benefits" standard. As a result of this, service and interest costs incurred in the change of provision for the pension fund are recognised in the income statement and actuarial gains and losses are recognised under equity.

c) Defined contribution plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

d) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.23 Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.4.24 Revenue recognition

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) Presence of Group's collection right of the consideration for the goods or services,
b) Customer's ownership of the legal title on goods or services,
c) Physical transfer of the goods or services,
d) Customer's ownership of significant risks and rewards related to the goods or services,
e) Customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

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 canceled and not recorded as income until the collection is made. Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognised either in the period when the transaction is realised or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realisation.

The Group classifies inflation-indexed government bonds as "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost". The reference indices used in the calculation of coupon payments are calculated based on the CPI rates of two months ago. Interest income calculated using the effective interest rate is recorded in the net interest income within the framework of TAS 1.

2.4.25 Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.26 Dividends

Dividend income is recognised by the Group at the date the right to collect the dividend is realised. Dividend payables are recognised as liability in the consolidated financial statements following the approval of the general assembly.

2.4.27 Research and development costs

Research costs are recognised and expensed in the income statement in the period in which they are incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense cannot be recognised as an asset in subsequent periods. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over their estimated useful lives (2-10 years).

2.4.28 Warranty provisions

Warranty provisions are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period.

2.4.29 Government grants

Government grants along with investment, research and development grants are accounted on accrual basis with their fair values when the application of grants is approved. These grants are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets. Government grants allowing reduced corporate tax practice are evaluated within the scope of TAS 12 "Income Taxes" standard (Note 2.4.19).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.30 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

The financing costs of borrowings attributable to ongoing investments (interest expenses and foreign exchange losses based on the difference between the TL benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments.

2.4.31 Derivative instruments and hedging activities

Derivative instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised using a recalculated effective interest rate.

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "gains/(losses) on cash flow hedges". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

2.4.32 Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.4.33 Treasury shares

As the Group Companies repurchase their own equity instruments, these instruments are accounted for as "treasury shares" and deducted from equity. Gain or loss is not recognized in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group Companies and the amounts received or paid for these transactions are recognized directly in equity.

2.4.34 Events after the balance sheet date

The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.4.35 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Significant Accounting Estimates and Assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

Impairment tests of intangible assets with indefinite useful lives

As discussed in Note 2.4, goodwill and brands with indefinite useful lives are not amortised but reviewed for impairment on a yearly basis or more frequently, if the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment tests for goodwill are performed by comparing the amount calculated according to the discounted cash flows of each cash generating unit based on long term projections, with the carrying value of the goodwill; whereas impairment tests for brands are performed by comparing the amount calculated by the royalty relief method, with the carrying value of the brand. No impairment was identified as a result of the impairment tests performed as of 31 December 2023 (Note 14 and 15).

Recoverability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered (Note 18).

Pension fund

Within the scope of pension fund provision of Yapı Kredi Bankası, a Subsidiary of the Group, which is detailed in Note 2.4.22, the present value of funded obligations is calculated by taking into account the discount rate, inflation, wage increase, mortality rate and medical benefits stated in the New Law and related assumptions are explained in Note 19.

Impairment on receivables from finance sector activities

The Group reviews its financial assets classified as measured at fair value through other comprehensive income and measured at amortised cost at each balance sheet date in order to assess whether they are impaired in line with the accounting policies set out in Note 2.4.10.

The methodology and assumptions used for estimating both significant increase in credit risk and forward-looking information in Note 2.4.10 are discussed below.

<u>Significant increase in credit risk</u>

In the assessment of significant increase in credit risk quantitative and qualitative assessments are made.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Qualitative Assessment:

As a result of quantitative assessment, related financial assets are classified as Stage 2 (significant increase in credit risk) when any of the following criterias are satisfied.

As of reporting date;

- Lifetime expected credit losses shall be recognized on a transaction base, when a past due status is reached. The Group can abandon this estimation only if it has positive, reasonable and supportable information available regarding the client's repayment.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on unindemnified non-cash loans are evaluated as significant increase in credit risk.

Quantitative assessment:

The probability of significant increase in credit risk under qualitative assessment is based on the comparison of probability of default of a loan in the origination and as of reporting date.

The Group uses distribution regression on segment basis in order to calculate the thresholds used in defining the significant increase in credit risk.

Forward-looking macroeconomic information

The Group incorporates forward-looking macroeconomic information into credit risk parameters during the assessment of significant increase in credit risk and expected credit loss calculation.

For the calculation of expected credit loss, the Group uses macroeconomic forecasting model developed in the stage of creating multiple scenarios. Macroeconomic variables prevailing during this forecasting are Gross Domestic Product (GDP), Unemployment Rate and Foreign Trade Balance. When expected credit losses are estimated in accordance with the forward-looking macroeconomic information, the Group evaluates three scenarios (base, pessimistic and optimistic) with different weights. Each of these three scenarios is associated with different probability of default risk.

2.6 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS

Major business combinations in 2023:

i) Arçelik, a Subsidiary of the Group, has acquired entire shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (The Netherlands). Closing transactions of the Share Transfer Agreement, which was signed on 17 October 2022, regarding to the acquisition of entire shares of Asogem N.V. and its subsidiary Asogem Nederland B.V., operating as the distributor of Arçelik's Beko and Grundig branded products in the Benelux region for more than 25 years by Ardutch B.V., were completed as of 2 January 2023.

The consideration amount was EUR61,7 million for the purchase of the entire shares. Payments regarding the acquisition were completed on 2 January 2023 and 24 March 2023 as EUR57,4 million and EUR4,3 million, respectively.

Following the completion of the transaction, the titles of the companies were changed as "Beko Belgium N.V." and "Beko Netherlands B.V." as of 2 January 2023. Registration procedures regarding the change of the titles and board of directors of both companies were completed in the relevant country registries. Within the scope of the acquisition realised on January 2023, resulting in the participations of Beko Belgium N.V. and Beko Netherlands B.V to global operations of Arçelik, operations at Benelux region are intended to grow further.

The fair values of identifiable assets and liabilities in accordance with TFRS 3 "Business Combinations" arising from the acquisition are as follows:

	2 January 2023(*)
Cash and cash equivalents	624
Trade receivables	340
Inventories	583
Other current assets	6
Property, plant and equipment (Note 13)	66
Intangible assets (Note 15)	656
Trade and other payables	(410)
Deferred tax liabilities (Note 18)	(167)
Other liabilities	(136)
Fair value of total identifiable net assets (%100)	**1.562**
Total consideration	**1.906**
Goodwill	**344**

The details of cash outflow due to acquisition are as follows:

Total consideration - cash	1.906
Cash and cash equivalents - acquired	(624)
Cash outflow due to acquisition (net)	**1.282**

(*) The fair values of the assets and liabilities acquired with the purchase price dated 2 January 2023 are expressed in terms of the purchasing power on 31 December 2023.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS (Continued)

ii) Entek, a Subsidiary of the Group, acquired 73,8% shares of Esinti Enerji Üretim Ticaret ve Sanayi A.Ş., which owns Kınık Wind Power Plant with a capacity of 54 MW in İzmir, on 7 November 2023 in line with its long-term growth strategy and its vision of development in the field of zero carbon electricity.

The fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

	7 November 2023(*)
Cash and cash equivalents	310
Trade receivables	8
Other current assets	5
Property, plant and equipment (Note 13)	1.245
Intangible assets (Note 15)	1.305
Borrowings (Note 3)	(598)
Trade and other payables	(44)
Deferred tax liabilities	(647)
Other liabilities	(6)
Fair value of total identifiable net assets (%100)	**1.578**
Fair value of total identifiable net assets (corresponding to shares acquired)	**1.166**
Total consideration	**1.163**
Gain on bargain purchase (Note 28)	**3**

The details of cash outflow due to acquisition are as follows:

Total consideration - cash	1.163
Cash and cash equivalents - acquired	(310)
Cash outflow due to acquisition (net)	**853**

(*) The fair values of the assets and liabilities acquired with the purchase price dated 7 November 2023 are expressed in terms of the purchasing power on 31 December 2023.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING

The financial information of the Joint Ventures has been included in the segment results, prepared within the framework of the Group's managerial approach, by full consolidation method (as 100%). The segment reporting information prepared in conformity with this approach is defined as "combined financial information".

"Combined revenue" reported below is before intra and inter segment revenue eliminations. Other financial information except for "combined revenue" represents the amounts after the related consolidation adjustments and profit eliminations.

The reconciliations of the combined financial information to the amounts reported in the consolidated financial statements for the years ended 31 December 2023 and 2022 are presented separately.

1 January - 31 December 2023	**Energy**	**Automotive**	**Consumer durables**	**Finance**	**Other**	**Total**
External revenue	862.090	673.237	287.054	386.327	68.132	2.276.840
Intra segment revenue	186.038	58.022	8.987	316	6.859	260.222
Inter segment revenue	3.614	7.844	1.148	1.933	41.706	56.245
Combined revenue	**1.051.742**	**739.103**	**297.189**	**388.576**	**116.697**	**2.593.307**
Combined gross profit	**127.501**	**111.628**	**78.550**	**148.768**	**21.172**	**487.619**
Operating expenses	(32.881)	(42.265)	(65.068)	(42.179)	(21.288)	(203.681)
Other operating income/(expenses) (net) (1)	(153)	637	(220)	(10.633)	306	(10.063)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) (2)	(19.050)	6.416	(1.087)	-	(1.054)	(14.775)
Combined operating profit/(loss)	**75.417**	**76.416**	**12.175**	**95.956**	**(864)**	**259.100**
Gains/(losses) from investment activities (net) (3)	475	3.000	(34)	1.988	846	6.275
Financial income/expenses (net)	(8.726)	(16.049)	(13.064)	-	5.757	(32.082)
Monetary gain/(loss)	(6.112)	25.028	9.021	(48.410)	(6.544)	(27.017)
Combined profit/(loss) before tax	**61.054**	**88.395**	**8.098**	**49.534**	**(805)**	**206.276**
Tax income/(expense), (net)	(2.519)	(6.132)	997	(31.509)	(1.238)	(40.401)
Combined net profit/(loss) for the period	**58.535**	**82.263**	**9.095**	**18.025**	**(2.043)**	**165.875**
Net profit/(loss) for the period (4)	**26.261**	**35.147**	**3.962**	**10.150**	**(3.290)**	**72.230**

(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) Includes the share of profit/(loss) of investments accounted for using the equity method of Yapı Kredi Bankası, a Subsidiary of the Group, and the valuation of the receivables of Ford Otosan, a Joint Venture of the Group, arising from the finance lease application within the scope of TFRS 16 "Leases Standard".

(4) Represents consolidated net profit attributable to the equity holders of the parent.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2022	**Energy**	**Automotive**	**Consumer durables**	**Finance**	**Other**	**Total**
External revenue	1.151.152	561.728	281.576	315.664	55.774	2.365.894
Intra segment revenue	198.039	20.618	7.408	511	6.759	233.335
Inter segment revenue	4.426	6.689	2.285	1.651	44.258	59.309
Combined revenue	**1.353.617**	**589.035**	**291.269**	**317.826**	**106.791**	**2.658.538**
Combined gross profit	**126.266**	**74.794**	**71.034**	**185.427**	**16.672**	**474.193**
Operating expenses	(27.394)	(28.292)	(61.556)	(35.672)	(17.113)	(170.027)
Other operating income/(expenses) (net) (1)	572	(3)	219	(24.729)	334	(23.607)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) (2)	(21.338)	1.308	1.374	-	(458)	(19.114)
Combined operating profit/(loss)	**78.106**	**47.807**	**11.071**	**125.026**	**(565)**	**261.445**
Gains/(losses) from investment activities (net) (3)	147	(145)	2.622	657	717	3.998
Financial income/(expenses) (net)	(18.750)	(13.263)	(12.925)	-	(432)	(45.370)
Monetary gain/(loss)	19.782	18.646	7.090	(52.015)	(2.510)	(9.007)
Combined profit/(loss) before tax	**79.285**	**53.045**	**7.858**	**73.668**	**(2.790)**	**211.066**
Tax income/(expense), (net)	(8.815)	(1.227)	(407)	(42.414)	(1.890)	(54.753)
Combined net profit/(loss) for the period	**70.470**	**51.818**	**7.451**	**31.254**	**(4.680)**	**156.313**
Net profit for the period (4)	**32.010**	**24.793**	**2.999**	**18.730**	**(5.870)**	**72.662**

(1) Provisions for loan impairment in Finance sector have been accounted for under "Other operating income/expenses" account.

(2) Includes the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sectors.

(3) Gain on bargain purchase of Arçelik, a Subsidiary of the Group, arising from the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC amounting to TL2.677 million (Note 28) has been accounted for under "Gains/losses from investment activities" account of the Consumer Durables sector; share of profit/(loss) of investments accounted for using the equity method of Yapı Kredi Bankası, a Subsidiary of the Group, has been accounted for under "Gains/losses from investment activities" account of the Finance sector.

(4) Represents consolidated net profit attributable to the equity holders of the parent.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

	2023	2022
a) Revenue		
Energy	1.051.742	1.353.617
Automotive	739.103	589.035
Consumer durables	297.189	291.269
Finance	388.576	317.826
Other	116.697	106.791
Combined	**2.593.307**	**2.658.538**
Less: Joint Ventures (Note 8.d)	(926.930)	(876.877)
Less: Consolidation eliminations and adjustments	(61.730)	(65.719)
Consolidated	**1.604.647**	**1.715.942**

b) Operating profit

	2023	2022
Energy	75.417	78.106
Automotive	76.416	47.807
Consumer durables	12.175	11.071
Finance	95.956	125.026
Other	(864)	(565)
Combined	**259.100**	**261.445**
Less: Joint Ventures (Note 8.d)	(71.925)	(42.347)
Less: Consolidation eliminations and adjustments	4.761	5.491
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	30.720	16.157
Consolidated	**222.656**	**240.746**

c) Depreciation and amortisation (*)

	2023	2022
Energy	9.470	9.763
Automotive	20.707	20.422
Consumer durables	8.878	8.191
Finance	3.932	3.319
Other	2.789	2.685
Combined	**45.776**	**44.380**
Less: Joint Ventures (Note 8.d)	(14.518)	(18.662)
Less: Consolidation eliminations and adjustments	(646)	(261)
Consolidated	**30.612**	**25.457**

(*) Includes the depreciation expenses of right-of-use assets. As of 31 December 2023, combined depreciation expense of the right-of-use assets amounted to TL6.174 million (31 December 2022: TL5.713 million) and consolidated depreciation expense amounted to TL3.433 million (31 December 2022: TL3.562 million).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

	2023	2022
d) Profit before tax		
Energy	61.054	79.285
Automotive	88.395	53.045
Consumer durables	8.098	7.858
Finance	49.534	73.668
Other	(805)	(2.790)
Combined	**206.276**	**211.066**
Less: Joint Ventures (Note 8.d)	(82.393)	(43.198)
Add: Net profit shares of Joint Ventures (Note 8.c)	28.812	15.698
Consolidated	**152.695**	**183.566**

e) Net profit for the period

Energy	58.535	70.470
Automotive	82.263	51.818
Consumer durables	9.095	7.451
Finance	18.025	31.254
Other	(2.043)	(4.680)
Combined	**165.875**	**156.313**
Less: Joint Ventures (Note 8.d)	(76.954)	(42.435)
Add: Net profit shares of Joint Ventures (Note 8.c)	28.812	15.698
Less: Non-controlling interests	(45.503)	(56.914)
Consolidated (attributable to the equity holders of the parent)	**72.230**	**72.662**

f) Capital expenditures (*)

Energy	13.882	6.563
Automotive	73.143	49.274
Consumer durables	14.285	11.033
Finance	3.415	2.745
Other	4.013	5.011
Combined	**108.738**	**74.626**
Less: Joint Ventures	(40.463)	(24.350)
Consolidated	**68.275**	**50.276**

(*) Capital expenditures do not include the additions related to the right-of-use assets.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

g) Total assets

	31 December 2023	31 December 2022
Energy	494.900	481.066
Automotive	460.645	380.723
Consumer durables	270.307	244.400
Finance	1.970.598	2.043.182
Other	214.112	202.229
Combined	**3.410.562**	**3.351.600**
Less: Joint Ventures (Note 8.d)	(396.705)	(347.564)
Add: Carrying values of Joint Ventures (Note 8.a)	60.810	46.175
Less: Eliminations	(215.702)	(232.895)
Consolidated	**2.858.965**	**2.817.316**

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2023			31 December 2022		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Cash in hand	22.178	90	22.268	21.713	56	21.769
Cheques received	-	356	356	-	323	323
Banks						
- Demand deposits	46.888	20.893	67.781	52.766	16.645	69.411
- Time deposits	25.781	171.653	197.434	27.340	125.581	152.921
- Reverse repo receivables	-	-	-	87	-	87
Other	-	1.566	1.566	4.056	1.258	5.314
	94.847	**194.558**	**289.405**	**105.962**	**143.863**	**249.825**

As of 31 December 2023, total blocked deposits amounted to TL9.744 million (31 December 2022: TL10.891 million). As of 31 December 2023, TL4.827 million (31 December 2022: TL5.553 million) of the related amount consists of the revenue shares collected by Tüpraş, a Subsidiary of the Group, as indicated in the Petroleum Market License Regulation and TL4.144 million (31 December 2022: TL4.459 million) of the related amount consist of blocked demand deposits Tüpraş, for derivative transactions carried out in foreign stock exchanges.

Group companies operating in Non-Finance sectors have cash and cash equivalent balances amounting to TL20.213 million held at Yapı Kredi Bankası and eliminated during the preparation of consolidated financial statements as of 31 December 2023 (31 December 2022: TL37.463 million).

NOT 6 - BALANCES WITH CENTRAL BANK OF THE REPUBLIC OF TURKEY

	31 December 2023	31 December 2022
Balances with Central Bank of the Republic of Turkey	241.618	215.784
- Required reserves (*)	83.757	97.494
- Free deposits	157.861	118.290
	241.618	**215.784**

(*) In accordance with the legislation of the CBRT numbered 2013/15 "Decree on Reserve Deposits", banks operating in Turkey must place TL, USD, EUR and gold reserves for their liabilities. As of 31 December 2023, the ratios for TL reserves are between 0% and 30% (31 December 2022: 3% and 8%) and the ratios for foreign currency reserves are between 5% and 30% (31 December 2022: 5% and 26%) for deposits and other liabilities depending on their maturity structures.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 7 - FINANCIAL ASSETS

	31 December 2023			31 December 2022		
	Short-term	**Long-term**	**Total**	**Short-term**	**Long-term**	**Total**
Financial assets measured at fair value through profit or loss	3.363	4.628	7.991	7.830	2.018	9.848
Financial assets measured at fair value through other comprehensive income	11.407	90.420	101.827	17.896	113.613	131.509
Financial assets measured at amortised cost	24.255	293.103	317.358	14.058	263.492	277.550
	39.025	**388.151**	**427.176**	**39.784**	**379.123**	**418.907**

a) Financial assets measured at fair value through profit or loss

	31 December 2023			31 December 2022		
	Finance	**Non-Finance**	**Total**	**Finance**	**Non-Finance**	**Total**
Debt securities:						
Government bonds	1.767	-	1.767	983	-	983
	1.767	-	1.767	983	-	983
Deposits:						
Time deposits	-	1.085	1.085	-	4.075	4.075
	-	1.085	1.085	-	4.075	4.075
Equity securities:						
Listed	511	-	511	2.772	-	2.772
Unlisted	-	4.628	4.628	-	2.018	2.018
	511	4.628	5.139	2.772	2.018	4.790
	2.278	**5.713**	**7.991**	**3.755**	**6.093**	**9.848**

b) Financial assets measured at fair value through other comprehensive income

	31 December 2023			31 December 2022		
	Finance	**Non-Finance**	**Total**	**Finance**	**Non-Finance**	**Total**
Debt securities:						
Government bonds	67.382	-	67.382	97.904	-	97.904
Eurobonds	29.374	-	29.374	27.978	-	27.978
Private sector bonds	65	-	65	3.128	-	3.128
	96.821	-	96.821	129.010	-	129.010
Equity securities:						
Listed	-	3.863	3.863	-	1.517	1.517
Unlisted	230	913	1.143	333	649	982
	230	4.776	5.006	333	2.166	2.499
	97.051	**4.776**	**101.827**	**129.343**	**2.166**	**131.509**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 7 - FINANCIAL ASSETS (Continued)

The movement of financial assets at fair value through other comprehensive income is as follows:

	2023	2022
Beginning of the period - 1 January	**131.509**	**95.748**
Additions	59.291	71.624
Disposals / redemptions	(37.165)	(24.147)
Currency translation differences	(17.562)	8.451
Change in interest accruals	19.564	29.852
Fair value gains / impairment losses (net)	2.357	225
Monetary gain/(loss)	(56.167)	(50.244)
End of the period - 31 December	**101.827**	**131.509**

c) Financial assets measured at amortised cost

	31 December 2023			31 December 2022		
	Finance	**Non-Finance**	**Total**	**Finance**	**Non-Finance**	**Total**
Debt securities:						
Government bonds	196.320	-	196.320	157.992	-	157.992
Eurobonds	105.715	-	105.715	109.888	-	109.888
Other	15.323	-	15.323	9.670	-	9.670
	317.358	**-**	**317.358**	**277.550**	**-**	**277.550**

The movement of financial assets measured at amortised cost is as follows:

	2023	2022
Beginning of the period - 1 January	**277.550**	**260.168**
Additions	89.609	60.590
Disposals / redemptions	(7.050)	(16.699)
Currency translation differences	85.946	63.804
Change in interest accruals	21.892	33.404
Monetary gain/(loss)	(150.589)	(123.717)
End of the period - 31 December	**317.358**	**277.550**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a) The details of carrying values and consolidation rates subject to equity accounting of Joint Ventures and associates are as follows:

	31 December 2023		31 December 2022	
	%	**Amount**	**%**	**Amount**
Ford Otosan	38,65	28.372	38,65	19.926
Tofaş	37,59	13.774	37,59	9.628
Opet	43,00	7.753	43,00	7.162
Banque de Commerce	30,67	6.170	30,67	4.732
Türk Traktör	37,50	5.774	37,50	3.467
Allianz Emeklilik	20,00	2.064	20,00	1.912
Other		5.137		5.992
		69.044		**52.819**
Joint Ventures		60.810		46.175
Associates		8.234		6.644
		69.044		**52.819**

b) The market values (Level 1) of the listed Joint Ventures are as follows:

	31 December 2023	**31 December 2022**
Ford Otosan	259.498	184.052
Tofaş	105.000	82.850
Türk Traktör	71.248	35.224

c) The movement of Joint Ventures and associates is as follows:

	2023	**2022**
Beginning of the period - 1 January	**52.819**	**47.482**
Shares of profit/(loss)	30.720	16.157
Shares of other comprehensive income/(loss)	(4.336)	(1.758)
Dividend paid	(10.582)	(10.316)
Dividend received	93	27
Contribution to capital increases	347	899
Transactions with non-controlling interests	-	296
Profit eliminations	(17)	32
End of the period - 31 December	**69.044**	**52.819**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Shares of profit/(loss) of Joint Ventures and associates:	**2023**	**2022**
Ford Otosan	18.961	10.716
Tofaş	5.670	3.523
Türk Traktör	3.503	1.616
Opet	851	19
Other	1.735	283
	30.720	**16.157**
Joint Ventures	28.812	15.698
Associates	1.908	459
	30.720	**16.157**

Shares of other comprehensive income/(loss) of Joint Ventures and associates:

	2023	**2022**
Ford Otosan	(3.593)	(1.051)
Tofaş	166	115
Türk Traktör	(16)	(11)
Opet	295	185
Other	(1.188)	(996)
	(4.336)	**(1.758)**
Joint Ventures	(3.756)	(1.093)
Associates	(580)	(665)
	(4.336)	**(1.758)**

Dividend income/(capital increases) from Joint Ventures and associates:

	2023	**2022**
Ford Otosan	6.921	5.175
Tofaş	1.689	2.796
Opet	650	547
Türk Traktör	1.180	1.046
Other	(205)	(147)
	10.235	**9.417**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

d) Condensed financial information of Joint Ventures after consolidation adjustments is as follows:

Condensed balance sheet information of Joint Ventures:

31 December 2023	**Ford Otosan**	**Tofaş**	**Opet**	**Türk Traktör**	**Other**	**Total**
Cash and cash equivalents	15.225	24.815	7.659	12.331	2.722	62.752
Other current assets	87.745	28.586	24.101	12.676	14.745	167.853
Receivables from finance sector operations	-	9.645	-	-	-	9.645
Other non-current assets	113.925	15.387	14.765	7.449	4.929	156.455
Total assets	**216.895**	**78.433**	**46.525**	**32.456**	**22.396**	**396.705**
Short-term borrowings	33.965	6.738	9.317	4.973	2.946	57.939
Other current liabilities	60.169	28.828	19.050	10.762	8.365	127.174
Long-term borrowings	41.791	5.093	3.873	816	520	52.093
Other non-current liabilities	8.074	1.129	880	507	618	11.208
Total liabilities	**143.999**	**41.788**	**33.120**	**17.058**	**12.449**	**248.414**
Net assets:	**72.896**	**36.645**	**13.405**	**15.398**	**9.947**	**148.291**
Allocation of net assets:						
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parent	**72.896**	**36.645**	**13.405**	**15.398**	**9.947**	**148.291**
Reconciliation of carrying value:						
Ownership of the Group	*38,65%*	*37,59%*	*43,00%*	*37,50%*		
Net asset share of the Group	28.175	13.774	5.764	5.774	5.079	58.566
Goodwill carried at Group level	-	-	1.922	-	-	1.922
Impact of additional share purchase	197	-	67	-	58	322
Carrying value	**28.372**	**13.774**	**7.753**	**5.774**	**5.137**	**60.810**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

31 December 2022	**Ford Otosan**	**Tofaş**	**Opet**	**Türk Traktör**	**Other**	**Total**
Cash and cash equivalents	16.666	19.804	10.723	7.278	3.089	57.560
Other current assets	74.654	30.395	27.050	12.175	13.132	157.406
Receivables from finance sector operations	-	7.924	-	-	-	7.924
Other non-current assets	82.884	15.441	13.554	6.555	6.240	124.674
Total assets	**174.204**	**73.564**	**51.327**	**26.008**	**22.461**	**347.564**
Short-term borrowings	21.781	8.355	20.522	5.459	4.472	60.589
Other current liabilities	54.422	34.651	9.833	9.731	7.172	115.809
Long-term borrowings	40.698	3.113	7.448	951	234	52.444
Other non-current liabilities	6.265	1.831	1.493	621	964	11.174
Total liabilities	**123.166**	**47.950**	**39.296**	**16.762**	**12.842**	**240.016**
Net assets:	**51.038**	**25.614**	**12.031**	**9.246**	**9.619**	**107.548**
Allocation of net assets:						
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parent	**51.038**	**25.614**	**12.031**	**9.246**	**9.619**	**107.548**
Reconciliation of carrying value:						
Ownership of the Group	*38,65%*	*37,59%*	*43,00%*	*37,50%*		
Net asset share of the Group	19.729	9.628	5.173	3.467	5.934	43.931
Goodwill carried at Group level	-	-	1.922	-	-	1.922
Impact of additional share purchase	197	-	67	-	58	322
Carrying value	**19.926**	**9.628**	**7.162**	**3.467**	**5.992**	**46.175**

(Amounts on tables expressed in million of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Condensed income statement information:

1 January - 31 December 2023	**Ford Otosan**	**Tofaş**	**Opet**	**Türk Traktör**	**Other**	**Total**
Revenue	411.906	130.254	277.867	58.436	48.467	926.930
Depreciation and amortisation	6.065	3.938	2.450	1.180	885	14.518
Operating profit	44.017	14.008	722	11.307	1.871	71.925
Net financial income/(expenses)	(14.947)	6.481	(3.162)	715	(1.353)	(12.266)
Profit before tax	47.428	18.326	2.387	12.137	2.115	82.393
Net profit for the period	49.056	15.083	1.979	9.342	1.494	76.954
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parents	**49.056**	**15.083**	**1.979**	**9.342**	**1.494**	**76.954**
Ownership of the Group	*38,65%*	*37,59%*	*43,00%*	*37,50%*		
Net profit share of the Group	**18.961**	**5.670**	**851**	**3.503**	**(173)**	**28.812**

1 January - 31 December 2022	**Ford Otosan**	**Tofaş**	**Opet**	**Türk Traktör**	**Other**	**Total**
Revenue	322.553	127.813	339.138	41.413	45.960	876.877
Depreciation and amortisation	7.196	7.294	2.238	941	993	18.662
Operating profit	27.271	9.250	415	3.643	1.768	42.347
Net financial income/(expenses)	(8.102)	(745)	(4.335)	(321)	(1.079)	(14.582)
Profit before tax	25.447	10.772	760	4.555	1.664	43.198
Net profit for the period	27.725	9.374	45	4.307	984	42.435
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parents	**27.725**	**9.374**	**45**	**4.307**	**984**	**42.435**
Ownership of the Group	*38,65%*	*37,59%*	*43,00%*	*37,50%*		
Net profit share of the Group	**10.716**	**3.523**	**19**	**1.616**	**(176)**	**15.698**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	**31 December 2023**	**31 December 2022**
Trade receivables	132.630	116.193
Notes and cheques receivable	4.916	4.451
Less: Provision for expected credit loss	(2.511)	(3.206)
Less: Unearned finance income	(1.663)	(1.719)
	133.372	115.719
Due from related parties (Note 30)	11.081	9.048
	144.453	**124.767**
Short-term trade receivables	143.442	122.923
Long-term trade receivables	1.011	1.844
	144.453	**124.767**

Tüpraş and Arçelik, the Subsidiaries of the Group, offset TL6.495 million (31 December 2022: TL10.234 million) and TL6.529 million (31 December 2022: TL9.503 million) respectively, from their trade receivables that were collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2023.

Movement of the provision for expected credit losses is as follows:

	2023	**2022**
Beginning of the period - 1 January	**3.206**	**3.555**
Increases during the period	353	395
Collections	(45)	(57)
Write-offs (*)	(641)	(178)
Currency translation differences	442	536
Monetary gain/(loss)	(804)	(1.045)
End of the period - 31 December	**2.511**	**3.206**

(*) 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 2023**	**31 December 2022**
Trade payables	176.541	159.085
Less: Unearned finance expense	(1.613)	(1.035)
	174.928	158.050
Due to related parties (Note 30)	11.721	11.402
	186.649	**169.452**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2023	31 December 2022
Short-term receivables from finance sector operations	696.869	683.339
Long-term receivables from finance sector operations	263.130	350.925
	959.999	**1.034.264**

The breakdown of receivables from finance sector operations is as follows:

31 December 2023	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	438.650	179.322	208.112	30.654	11.377	868.115
Stage 2	78.977	12.181	11.936	847	803	104.744
Stage 3	19.267	6.586	2.193	402	140	28.588
Gross (*)	**536.894**	**198.089**	**222.241**	**31.903**	**12.320**	**1.001.447**
Stage 1 and 2	(17.371)	(2.319)	(1.480)	(445)	(150)	(21.765)
Stage 3	(12.163)	(5.554)	(1.591)	(276)	(99)	(19.683)
Expected credit losses (-) (*)	**(29.534)**	**(7.873)**	**(3.071)**	**(721)**	**(249)**	**(41.448)**
Net	**507.360**	**190.216**	**219.170**	**31.182**	**12.071**	**959.999**

31 December 2022	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	517.803	187.580	170.361	31.430	17.324	924.498
Stage 2	107.445	13.645	10.922	1.261	949	134.222
Stage 3	25.564	7.782	2.316	825	165	36.652
Gross	**650.812**	**209.007**	**183.599**	**33.516**	**18.438**	**1.095.372**
Stage 1 and 2	(28.512)	(3.058)	(1.411)	(657)	(181)	(33.819)
Stage 3	(17.307)	(7.146)	(2.111)	(606)	(119)	(27.289)
Expected credit losses (-)	**(45.819)**	**(10.204)**	**(3.522)**	**(1.263)**	**(300)**	**(61.108)**
Net	**604.993**	**198.803**	**180.077**	**32.253**	**18.138**	**1.034.264**

(*) TL986.301 million of gross receivables from finance sector operations and TL41.230 million of expected credit losses are related to Yapı Kredi Bankası.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Movement of the expected credit losses is as follows:

2023	**Corporate and commercial loans**	**Consumer loans**	**Credit card receivables**	**Leasing receivables**	**Factoring receivables**	**Total**
Beginning of the period - 1 January	**45.819**	**10.204**	**3.522**	**1.263**	**300**	**61.108**
Increases during the period	13.700	9.305	5.946	204	179	29.334
Collections	(19.618)	(5.003)	(4.222)	(424)	(93)	(29.360)
Disposals due to sale of portfolio	(1.101)	(2.245)	(550)	-	-	(3.896)
Write-offs	(56)	(51)	(38)	-	-	(145)
Currency translation differences	9.282	142	57	162	-	9.643
Monetary gain/(loss)	(18.492)	(4.479)	(1.644)	(484)	(137)	(25.236)
End of the period - 31 December	**29.534**	**7.873**	**3.071**	**721**	**249**	**41.448**

2022	**Corporate and commercial loans**	**Customer loans**	**Credit card receivables**	**Leasing receivables**	**Factoring receivables**	**Total**
Beginning of the period - 1 January	**63.647**	**11.849**	**4.674**	**1.890**	**536**	**82.596**
Increases during the period	20.909	9.078	3.188	347	187	33.709
Collections	(15.564)	(3.680)	(1.494)	(340)	(110)	(21.188)
Disposals due to sale of portfolio	(407)	(1.945)	(911)	-	-	(3.263)
Write-offs	(6.069)	(9)	(1)	-	(109)	(6.188)
Currency translation differences	9.507	97	19	127	-	9.750
Monetary gain/(loss)	(26.204)	(5.186)	(1.953)	(761)	(204)	(34.308)
End of the period - 31 December	**45.819**	**10.204**	**3.522**	**1.263**	**300**	**61.108**

Stage-based movement of the expected credit losses is as follows:

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning of the period - 1 January	**8.007**	**25.812**	**27.289**	**61.108**
Increases during the period	5.471	9.377	14.486	29.334
Collections	(7.943)	(12.965)	(8.452)	(29.360)
Disposals due to sale of portfolio	-	-	(3.896)	(3.896)
Write-offs	-	-	(145)	(145)
Transfers to Stage 1	3.782	(3.781)	(1)	-
Transfers to Stage 2	(1.204)	1.369	(165)	-
Transfers to Stage 3	(93)	(1.801)	1.894	-
Currency translation differences	1.708	7.664	271	9.643
Monetary gain/(loss)	(3.522)	(10.116)	(11.598)	(25.236)
End of the period - 31 December	**6.206**	**15.559**	**19.683**	**41.448**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

2022	Stage 1	Stage 2	Stage 3	Total
Beginning of the period - 1 January	**9.038**	**34.448**	**39.110**	**82.596**
Increases during the period	4.267	8.847	20.595	33.709
Collections	(3.285)	(7.596)	(10.307)	(21.188)
Disposals due to sale of portfolio	-	-	(3.263)	(3.263)
Write-offs	-	-	(6.188)	(6.188)
Transfers to Stage 1	615	(615)	-	-
Transfers to Stage 2	(39)	223	(184)	-
Transfers to Stage 3	-	(3.212)	3.212	-
Currency translation differences	1.408	8.085	257	9.750
Monetary gain/(loss)	(3.997)	(14.368)	(15.943)	(34.308)
End of the period - 31 December	**8.007**	**25.812**	**27.289**	**61.108**

NOTE 11 - DERIVATIVE INSTRUMENTS

The breakdown of derivative instruments as of 31 December 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
	Asset	Liability	Asset	Liability
Derivatives held for trading	16.494	12.645	18.862	21.453
Derivatives held for hedging	7.658	949	18.609	4.004
	24.152	**13.594**	**37.471**	**25.457**

Finance:

	31 December 2023			31 December 2022		
	Contract amount (*)	Fair Values Asset	Fair Values Liability	Contract amount (*)	Fair Values Asset	Fair Values Liability
Derivatives held for trading:						
Interest rate swaps	500.965	3.956	2.961	402.435	4.773	3.991
Currency swaps	509.241	5.865	4.299	435.413	3.495	6.151
Currency forwards	50.298	809	259	50.651	1.710	364
Cross-currency fixed interest rate swaps	14.788	2.771	4.007	24.367	5.164	9.616
Option agreements	27.887	32	108	184.168	1.916	545
Other derivative instruments	221.510	2.588	-	164.407	1.295	20
	1.324.689	**16.021**	**11.634**	**1.261.441**	**18.353**	**20.687**
Derivatives held for hedging:						
Interest rate swaps	85.911	5.521	32	199.359	12.450	58
Cross-currency fixed interest rate swaps	-	-	-	3.188	-	2.276
	85.911	**5.521**	**32**	**202.547**	**12.450**	**2.334**

(*) Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

Non-finance:

	31 December 2023			31 December 2022		
	Contract amount (*)	Fair values Asset	Fair values Liability	Contract amount (*)	Fair values Asset	Fair values Liability
Derivatives held for trading:						
Currency forwards	138.772	369	434	52.821	283	545
Currency swaps	22.829	88	35	24.202	99	92
Commodity futures	9.686	10	-	1.404	127	129
Cross-currency fixed interest rate swaps	901	6	542	-	-	-
	172.188	**473**	**1.011**	**78.427**	**509**	**766**
Derivatives held for hedging:						
Interest rate swaps	1.815	132	-	11.183	300	26
Cross-currency fixed interest rate swaps	8.433	-	777	409	356	-
Currency forwards	4.923	-	29	3.750	3	-
Commodity futures	63.776	2.005	111	152.558	5.477	1.153
Currency swaps	-	-	-	1.107	23	491
	78.947	**2.137**	**917**	**169.007**	**6.159**	**1.670**

(*) Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

NOTE 12 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials and supplies	32.082	39.284
Work in progress	12.213	17.186
Finished goods	40.699	41.139
Merchandise	14.658	17.955
Goods in transit	16.947	19.310
Other inventories	365	649
Less: Provision for impairment	(1.136)	(1.582)
	115.828	**133.941**

Movement of provision for impairment on inventories is as follows:

	2023	2022
The beginning of the period - 1 January	**1.582**	**1.029**
Increase during the period	717	994
Reversal of provisions	(1.001)	(144)
Currency translation differences	(162)	(173)
Business combinations	-	(124)
End of the period - 31 December	**1.136**	**1.582**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2023								
Cost	62.883	60.554	212.551	73.211	28.694	12.099	7.187	457.179
Accumulated depreciation	(18.022)	(22.235)	(122.955)	(15.474)	(18.404)	-	(4.478)	(201.568)
Net book value	**44.861**	**38.319**	**89.596**	**57.737**	**10.290**	**12.099**	**2.709**	**255.611**
Net book value at the beginning of period	**44.861**	**38.319**	**89.596**	**57.737**	**10.290**	**12.099**	**2.709**	**255.611**
Additions	1.263	6.686	5.687	27.210	4.294	10.342	1.368	56.850
Business combinations (Note 3)	121	41	1.125	24	-	-	-	1.311
Disposals	(9)	(2.472)	(311)	(1.212)	(478)	(28)	(174)	(4.684)
Transfers (*)	(77)	(69)	815	(6.519)	322	(2.946)	76	(8.398)
Currency translation differences	(154)	(680)	(780)	(49)	(9)	(261)	8	(1.925)
Current period depreciation	(1.269)	(4.035)	(7.760)	(6.748)	(2.570)	-	(529)	(22.911)
Net book value at the end of the period	**44.736**	**37.790**	**88.372**	**70.443**	**11.849**	**19.206**	**3.458**	**275.854**
31 December 2023								
Cost	63.914	60.896	212.333	88.987	31.116	19.206	8.072	484.524
Accumulated depreciation	(19.178)	(23.106)	(123.961)	(18.544)	(19.267)	-	(4.614)	(208.670)
Net book value	**44.736**	**37.790**	**88.372**	**70.443**	**11.849**	**19.206**	**3.458**	**275.854**

(*) Include transfers amounting to TL6.689 million from other non-current assets used in operational lease classified under property, plant and equipment to inventories and transfers amounting to TL227 million (Note 15) from property, plant and equipment to other intangible assets and transfers amounting to TL1.482 million (Note 24) to assets classified as held for sale.

Net book value of the right-of-use assets classified under property, plant and equipment is TL10.145 million as of 31 December 2023 (31 December 2022: TL10.266 million). For the year ended 31 December 2023, additions to the right-of-use assets amounted to TL6.097 million (31 December 2022: TL6.206 million) and depreciation expenses amounted to TL3.433 million (31 December 2022: TL3.562 million).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2022								
Cost	62.370	58.544	211.145	64.235	25.162	10.201	7.014	438.671
Accumulated depreciation	(16.670)	(21.236)	(118.299)	(14.581)	(17.225)	-	(4.369)	(192.380)
Net book value	**45.700**	**37.308**	**92.846**	**49.654**	**7.937**	**10.201**	**2.645**	**246.291**
Net book value at the beginning of the period	**45.700**	**37.308**	**92.846**	**49.654**	**7.937**	**10.201**	**2.645**	**246.291**
Additions	701	5.774	2.399	20.185	4.355	9.163	564	43.141
Business combinations	75	1.402	1.504	31	38	21	15	3.086
Additions to the scope of consolidation	-	-	-	588	12	-	-	600
Disposals	(32)	(2.463)	(788)	(1.714)	(114)	(1.165)	(40)	(6.316)
Transfers (*)	41	1.379	3.638	(3.777)	328	(5.515)	21	(3.885)
Currency translation differences	(236)	(1.706)	(2.069)	(2.554)	(160)	(606)	(63)	(7.394)
Current period depreciation	(1.388)	(3.375)	(7.934)	(4.676)	(2.106)	-	(433)	(19.912)
Net book value at the end of the period	**44.861**	**38.319**	**89.596**	**57.737**	**10.290**	**12.099**	**2.709**	**255.611**
31 December 2022								
Cost	62.883	60.554	212.551	73.211	28.694	12.099	7.187	457.179
Accumulated depreciation	(18.022)	(22.235)	(122.955)	(15.474)	(18.404)	-	(4.478)	(201.568)
Net book value	**44.861**	**38.319**	**89.596**	**57.737**	**10.290**	**12.099**	**2.709**	**255.611**

(*) Include transfers amounting to TL3.811 million from other non-current assets used in operational lease classified under property, plant and equipment to inventories and transfers amounting to TL74 million from property, plant and equipment to other intangible assets (Note 15).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 14 - GOODWILL

	2023	**2022**
Net book value at the beginning of the period - 1 January	**48.730**	**49.857**
Business combinations	399	-
Currency translation differences	(630)	(1.127)
Net book value at the end of the period - 31 December	**48.499**	**48.730**

The allocation of the goodwill is as follows:

	31 December 2023	**31 December 2022**
Tüpraş	41.177	41.177
Hitachi	4.012	4.198
Defy Group	1.298	1.480
Singer Bangladesh	1.019	1.134
Dawlance Group	546	704
Asogem	360	-
Other	87	37
	48.499	**48.730**

Goodwill impairment tests:

As indicated in Note 2.4.18, goodwill allocated to cash-generating units is tested for impairment annually or more frequently when there is an indication of impairment. The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell.

As specified below in details, no impairment has been identified as of 31 December 2023 as a result of the impairment tests realised on the basis of cash generating units.

a) Tüpraş

In order to test for the impairment of the goodwill generated during the acquisition of Tüpraş, the listed Subsidiary of the Group, the market value of the Company has been used which was calculated over the share price at BIST and the net assets in the consolidated financial statements as of 31 December 2023.

b) Hitachi

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections denominated in USD, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2028. Cash flows for further periods were extrapolated using a constant growth rate of 1% (2022: 1%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 13,4% (2022: 12%) is used as after-tax discount rate in order to calculate the recoverable amount of the unit.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 14 - GOODWILL (Continued)

c) Defy Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections denominated in South African Rand, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2028. Cash flows for further periods were extrapolated using a constant growth rate of 7,2% (2022: 7,2%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 15,6% (2022: 14,7%) is used as after tax discount rate in order to calculate the recoverable amount of the unit.

d) Singer Bangladesh

In order to test for the impairment of the goodwill generated during the acquisition of Singer Bangladesh, the listed subsidiary of Arçelik, the market value of the Company has been used which was calculated over the share price at Bangladesh Stock Exchange as of 31 December 2023.

e) Dawlance Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections in Pakistan Rupee currency, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2028. Cash flows for further periods were extrapolated using a constant growth rate of 4,5% (2022: 4%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 18,28% (2022: 16,8%) is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

Sensitivity analysis:

The effects of 1% negative deviation on the significant assumptions used in the base scenario of impairment tests have been analysed for each cash generating unit. Positive deviations on recoverable amounts with respect to the carrying amounts including goodwill as a result of the sensitivity analysis performed as of 31 December 2023 are summarised in the following table:

	Tüpraş	Hitachi	Defy Group	Singer Bangladesh	Dawlance Group
Base scenario	%45,5	%69,6	%30,1	%52,1	%122,1
Sensitivity analysis:					
Long-term growth rate: 1% decrease	-	%64,8	%36,8	-	%110,5
Discount rate: 1% increase	-	%60,3	%18,4	-	%101,6
20% decrease in market value	%21,3	-	-	%21,7	-

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 15 - OTHER INTANGIBLE ASSETS

	Rights	Brand	Deposit Base	Development Costs	Customer Relations	Other	Total
1 January 2023							
Cost	18.479	14.128	6.047	24.034	6.771	10.981	80.440
Accumulated amortisation	(11.473)	-	(2.519)	(15.067)	(1.397)	(3.574)	(34.030)
Net book value	**7.006**	**14.128**	**3.528**	**8.967**	**5.374**	**7.407**	**46.410**
Additions	1.327	-	-	3.975	-	1.355	6.657
Business combinations (Note 3)	2	-	-	-	654	1.305	1.961
Disposals	(2)	-	-	(492)	-	(48)	(542)
Transfers (*)	34	-	-	923	-	(802)	155
Currency translation differences	(46)	(417)	-	50	(449)	(186)	(1.048)
Current period amortisation	(959)	-	(864)	(2.079)	(633)	(955)	(5.490)
Net book value at the end of the period	**7.362**	**13.711**	**2.664**	**11.344**	**4.946**	**8.076**	**48.103**
31 December 2023							
Cost	19.638	13.711	6.047	28.568	6.829	12.147	86.940
Accumulated amortisation	(12.276)	-	(3.383)	(17.224)	(1.883)	(4.071)	(38.837)
Net book value	**7.362**	**13.711**	**2.664**	**11.344**	**4.946**	**8.076**	**48.103**

(*) Include transfers amounting to TL227 million from property, plant and equipment to other intangible assets (Note 13) and transfers amounting to TL72 million from other intangible assets to assets classified as held for sale (Note 24).

	Rights	Brand	Deposit Base	Development Costs	Customer Relations	Other	Total
1 January 2022							
Cost	17.357	15.293	6.047	21.025	8.318	10.895	78.935
Accumulated amortisation	(10.690)	-	(1.656)	(13.459)	(999)	(3.125)	(29.929)
Net book value	**6.667**	**15.293**	**4.391**	**7.566**	**7.319**	**7.770**	**49.006**
Additions	1.218	-	-	1.890	-	2.077	5.185
Disposals	(63)	-	-	-	-	(259)	(322)
Transfers (*)	53	-	-	1.158	-	(1.137)	74
Currency translation differences	(57)	(1.165)	-	(40)	(1.264)	(87)	(2.613)
Current period amortisation	(812)	-	(863)	(1.607)	(681)	(957)	(4.920)
Net book value at the end of the period	**7.006**	**14.128**	**3.528**	**8.967**	**5.374**	**7.407**	**46.410**
31 December 2022							
Cost	18.479	14.128	6.047	24.034	6.771	10.981	80.440
Accumulated amortisation	(11.473)	-	(2.519)	(15.067)	(1.397)	(3.574)	(34.030)
Net book value	**7.006**	**14.128**	**3.528**	**8.967**	**5.374**	**7.407**	**46.410**

(*) Includes transfers from property, plant and equipment.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 15 - OTHER INTANGIBLE ASSETS (Continued)

Total research and development expenditures incurred in 2023 excluding amortisation amounts to TL5.250 million (2022: TL3.085 million).

As of 31 December 2023, net book value of intangible assets with indefinite useful lives amounted to TL13.711 million (2022: TL14.128 million) and consists of brands. The useful lives of the related brands are assessed as indefinite, since there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

The breakdown of the Group's brands is as follows:

	31 December 2023	**31 December 2022**
Yapı Kredi Bankası	8.385	8.385
Arçelik		
Grundig	*2.811*	*2.827*
Defy	*1.614*	*1.816*
Dawlance	*719*	*915*
Other	*182*	*185*
	13.711	**14.128**

Brand impairment test

Yapı Kredi Bankası brand

As of 31 December 2023, Yapı Kredi Bankası brand has been tested for impairment using the royalty relief method. Revenue forecasts, considered in the determination of the brand value, are based on the financial plans approved by the management covering a five year period. Beyond the five year period, revenue forecasts have been extrapolated by 20,2% expected growth rate. The royalty income was estimated by applying 1% royalty rate to these revenue forecasts. Estimated royalty income determined with the aforementioned method has been discounted by using 32% discount rate after tax. Value in use of the brand was calculated 6% above its carrying value and no impairment has been identified.

According to the sensitivity scenario in which 1% higher after tax discount rate is used in the value in use calculation, value in use of the brands is calculated 2% lower than their carrying amounts.

Arçelik brands

As of 31 December 2023, Arçelik brands have been tested for impairment using the royalty relief method. Sales forecasts, considered in the determination of the brand value, are based on the financial plans approved by the management covering a five year period. Beyond the five year period, sales forecasts have been extrapolated by 3% to 7,2% expected growth rates. The royalty income was estimated by applying 2% to 3% royalty rates to these sales forecasts. Estimated royalty income determined with the aforementioned method has been discounted using 9,3% to 18,2% discount rates after tax. Value in use of the brands has been calculated as 8,6 times of their carrying values and no impairment has been identified.

According to the sensitivity scenario in which 1% higher after tax discount rate is used in the value in use calculation, value in use of the brands is calculated as 7,5 times of their carrying amounts.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 16 - BORROWINGS

	31 December 2023			31 December 2022		
	Finance	**Non-Finance**	**Total**	**Finance**	**Non-Finance**	**Total**
Short-term borrowings [(*)]:						
Bank borrowings	147.534	86.121	233.655	178.480	74.708	253.188
Debt securities in issue	97.470	25.290	122.760	61.039	51.263	112.302
Factoring payables	-	3.087	3.087	-	4.792	4.792
Lease liabilities	780	1.148	1.928	746	1.280	2.026
	245.784	**115.646**	**361.430**	**240.265**	**132.043**	**372.308**
Long-term borrowings:						
Bank borrowings	38.000	41.651	79.651	24.904	41.847	66.751
Debt securities in issue	103.949	57.326	161.275	115.898	62.523	178.421
Lease liabilities	2.621	3.846	6.467	2.511	3.757	6.268
	144.570	**102.823**	**247.393**	**143.313**	**108.127**	**251.440**
Total borrowings	**390.354**	**218.469**	**608.823**	**383.578**	**240.170**	**623.748**

(*) Includes short-term portion of long-term borrowings.

Group companies operating in Non-Finance sectors have borrowings amounting to TL4.818 million obtained from Yapı Kredi Bank and eliminated during the preparation of consolidated financial statements as of 31 December 2023 (31 December 2022: TL5.624 million).

Major borrowings in 2023:

Finance:

Yapı Kredi Bankası, a Subsidiary of the Group, funded USD 889,4 million and EUR 100 million under the DPR program with a maturity of 5 to 8 years with the participation of 8 investors in September and October.

Yapı Kredi Bankası, a Subsidiary of the Group, completed the sustainable bond issue with a nominal value of USD500 million, 5 years 1 month maturity and annual interest rate of 9,25% on 13 September 2023. With the additional issuance of USD300 million on 27 November 2023, the total amount of the bond reached USD800 million. The yield rate of the additional issuance was realised as 8.75%.

Koç Finansman, a Subsidiary of the Group, completed the issuance of bonds with a nominal value of TL2.060 million, maturity between 12 and 24 months and annual interest rates between 30,00% - 48,99%, with TL 645 million of principal and coupon payments at maturity and TL 1.415 million of coupon payments every 6 months and principal payments at maturity in 2023.

Non-finance:

Arçelik, a Subsidiary of the Group, issued bond with a nominal value of USD 400 million on 25 September 2023 and USD 100 million on 17 November 2023, both quoted on the Euronext Dublin Stock Exchange with semi-annually interest payment. Maturity of the bonds is 25 September 2028 and the coupon rate is 8,5%.

Setur, a Subsidiary of the Group, completed the issuance of financial bonds amounting to TL300 million, 373 days maturity, quarterly coupon payments, principal and coupon payments at the end of maturity and annual interest rate of 46% on 24 October 2023.

NOTE 16 - BORROWINGS (Continued)

Koç Sistem, a Subsidiary of the Group, completed the issuance of financial bonds with a nominal value of TL300 million, 179 days maturity, principal and coupon payments at the end of maturity and annual interest rate of 45% on 20 October 2023.

Aygaz, a Subsidiary of the Group, completed the issuance of financial bonds with a nominal value of TL150 million, 184 days maturity, principal and coupon payments at the end of maturity and annual interest rate of 38,5% on 5 July 2023.

Olympic, a Subsidiary of the Group, completed the bond issue with a nominal value of EUR150 million, maturity of 366 days on 29 March 2023.

Otokoç, a Subsidiary of the Group, completed the bond issue with a nominal value of TL1 billion, 733 days maturity, coupon payments in every 3 months, principal and coupon payments at the end of maturity and annual interest rate of 39,50% on 28 July 2023.

Otokoç, a Subsidiary of the Group, completed the bond issue with a nominal value of TL575 billion, 379 days maturity, principal and coupon payments at the end of maturity and annual interest rate of 30% on 19 January 2023.

Otokar, a Subsidiary of the Group, completed the bonds issue with a nominal value of TL1.500 million, 740 and 752 days maturity, coupon payments in every 6 months, principal and coupon payments at the end of maturity and annual interest rate between 33% - 47% in 2023.

Bilkom, a Subsidiary of the Group, completed the issuance of financial bonds with a nominal value of TL1.020 million, maturities between 176 and 179 days, coupon payments in every 6 months, principal and coupon payments at the end of maturity and annual interest rate between 30,5% - 48% in 2023.

Tat Gıda, a Subsidiary of the Group, completed the issuance of bonds and financial bonds with a nominal value of TL1.800 million, maturities between 179 and 740 days, principal and coupon payments at the end of maturity and annual interest rate between 33% - 45% in 2023.

Major borrowings before 2023:

Finance:

Yapı Kredi Bankası, a Subsidiary of the Group, launched a Basel III compliant subordinated note with an amount of USD500 million, 10 year maturity and an early payment option at the end of the 5th year on 22 January 2021. The note has 7,875% coupon rate and if the notes are not redeemed at the fifth year, the coupon will be reset as 5 year USD Treasury + 7,415% for the remaining 5 years.

Yapı Kredi Bankası issued a Basel III compliant debt instrument abroad with a nominal value of USD650 million, annual interest rate of 13,875% for the first five years and mid-swap +11,24% for the next five years on 15 January 2019. In the decision of board of directors of Yapı ve Kredi Bankası dated 14 December 2023, it was announced that the debt instrument would be repaid on 15 January 2024, the first reset date, and it was paid on the relevant date.

Koç Finansman, a Subsidiary of the Group, completed the bond issues with a nominal value of TL265 million, 13 months maturity, principal and coupon payments at the end of maturity and annual interest rate of 32,50% in 2022.

Non-Finance:

Arçelik completed the bond issue with a nominal value of TL650 million, coupon payments in every 3 months with variable interest rate on 13 April 2022. Maturity of the bond is 5 April 2024 and coupon interest rate is DIBS+130.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 16 - BORROWINGS (Continued)

Arçelik obtained the green loan amounting to EUR150 million from European Bank for Reconstruction and Development with maturity of 8 years and interest rate of 2,35% to be used in energy and resource efficiency investments and R&D infrastructure in production facilities in Turkey on November 2021.

Arçelik completed the green bond issue, quoted on the Irish Stock Exchange, with a nominal value of EUR350 million, maturity of 5 years, coupon payments in each year, principal and coupon payments at the end of maturity and annual interest rate of 3% on 25 May 2021.

Koç Holding completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD750 million, maturity of 6 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 6,625% on 11 March 2019.

Tüpraş completed the bond issue, quoted on the London Stock Exchange, with a nominal value of USD700 million, maturity of 7 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 4,5% on 18 October 2017.

Tüpraş signed three different loan agreements to finance the Fuel Oil Conversion Project in 2011. Within the scope of these loan agreements, USD1.998 million of loans are utilised for the insurance payments and capital expenditures between 2011 - 2015. The loans insured by the Spanish Export Credit Agency (CESCE) and the Italian Export Credit Agency (SACE) within the scope of financing package are non-recourse loans for 4 years and with a maximum 12 years maturity date. The third tranche is also a non-recourse loan for 4 years with a maximum 7 years maturity date. The repayment of these loans started in 2015 and the loans were closed as of 15 October 2023. (31 December 2022: USD193 million).

The redemption schedule of long-term financial liabilities is as follows:

	31 December 2023	**31 December 2022**
1-2 years	98.770	92.515
2-3 years	23.862	64.266
3-4 years	27.207	40.852
4-5 years	35.866	5.932
5 years and over	61.688	47.875
	247.393	**251.440**

Movement of the financial liabilities as of 31 December 2023 and 2022 is as follows:

	2023	**2022**
Beginning of the period - 1 January	**623.748**	**774.908**
Additions	347.301	218.303
Repayments of borrowings	(326.554)	(161.804)
New lease contracts / impact of lease modifications	5.945	5.344
Cash outflows from payments of lease liabilities	(4.204)	(4.249)
Change in exchange rates	227.275	121.042
Change in interest accruals	5.971	5.952
Currency translation differences	(9.227)	4.801
Business combinations (Note 3)	598	-
Transfers to liabilities related to asset held for sale (Note 24)	(2.993)	-
Consolidation eliminations and adjustments	(4.923)	(9.394)
Monetary gain /(loss)	(254.114)	(331.155)
End of the period - 31 December	**608.823**	**623.748**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 17 - PAYABLES OF FINANCE SECTOR OPERATIONS

	31 December 2023	31 December 2022
Short-term payables to finance sector operations	1.125.971	1.165.279
Long-term payables to finance sector operations	10.118	8.629
	1.136.089	**1.173.908**

Breakdown of payables to finance sector operations is as follows:

	31 December 2023			31 December 2022		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
TL deposits						
Saving deposits	71.512	327.654	399.166	80.177	271.551	351.728
Commercial deposits	53.801	136.126	189.927	69.959	172.887	242.846
Interbank deposits	677	21.233	21.910	600	13.567	14.167
Funds deposited under repurchase agreements	-	10.789	10.789	-	38.099	38.099
Public sector deposits	5.846	3.256	9.102	1.770	3.168	4.938
	131.836	**499.058**	**630.894**	**152.506**	**499.272**	**651.778**
Foreign currency deposits						
Saving deposits	210.160	81.496	291.656	196.582	108.594	305.176
Commercial deposits	110.317	55.465	165.782	118.895	82.751	201.646
Interbank deposits	465	10.142	10.607	1.584	1.530	3.114
Funds deposited under repurchase agreements	-	37.150	37.150	-	12.194	12.194
	320.942	**184.253**	**505.195**	**317.061**	**205.069**	**522.130**
	452.778	**683.311**	**1.136.089**	**469.567**	**704.341**	**1.173.908**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 18 - TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Current income tax liabilities	24.463	40.750
Less: Prepaid income tax	(17.189)	(31.373)
Current income tax liabilities (net)	**7.274**	**9.377**
Deferred tax assets	20.304	9.770
Deferred tax liabilities	(15.179)	(11.810)
Deferred tax assets / (liabilities) (net)	**5.125**	**(2.040)**

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

The corporation tax rate is 25% in Turkey in 2023 (30% for Finance sector) (2022: 23%, 25% for Finance sector). Corporation tax is payable on the total income of the company after adjusting for certain disallowable expenses, income not subject to tax and allowances.

In accordance with the Law No 7440 on the "Restructuring of Certain Receivables and Amendments to Certain Laws" published in the Official Gazette on 12 March 2023, an additional tax of 10% is to be calculated over the exemptions and deductions subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022 and without being associated with the period's income; and an additional tax of 5% is to be calculated over the exempted earnings. As of 31 December 2023, related tax amounts were calculated and accrued in the financial statements of Koç Holding, its Subsidiaries and Joint Ventures. The impacts of the additional tax on the consolidated current income tax expense and consolidated net profit attributable to the equity holders of the parent is TL4,1 billion and TL3,3 billion, respectively. The first instalment regarding the aforementioned tax was paid in May 2023 and the second instalment was paid in August 2023.

Income tax expenses in the consolidated income statements are summarised as follows:

	2023	2022
Current period tax expense	(31.292)	(49.564)
Deferred tax expense (net)	(3.670)	(4.426)
	(34.962)	**(53.990)**
Profit before tax	**152.695**	**183.566**
Less: Share of profit/loss of Joint Ventures	(30.720)	(16.157)
Profit before tax (excluding share of profit/(loss) of Joint Ventures)	**121.975**	**167.409**
Domestic tax rate	%25	%23
Tax calculated at domestic tax rate	(30.494)	(38.504)
Investment tax credits	12.891	12.306
Tax allowances/exemptions	3.893	2.718
Additions	(2.470)	(2.243)
Tax rate differences /changes	(3.806)	(760)
Tax losses and other tax advantages (net effect)	596	(322)
Temporary differences which no deferred tax recognized	(24.687)	(34.676)
Monetary gain/(loss) (*)	12.168	3.446
Other	(3.053)	4.045
Tax income/(expense)	**(34.962)**	**(53.990)**

(*) Includes the effect of adjustments related to inflation accounting within the scope of the communiqué numbered 32415 of the Tax Procedure Law dated 30 December 2023.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Koç Holding, its Subsidiaries and Joint Ventures, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Property, plant and equipment and intangible assets	82.592	174.060	(21.507)	(33.670)
Investment incentives (*)	-	-	10.151	18.548
Impairment provision for loans and receivables	(23.766)	(39.794)	7.096	9.939
Inventories	(12.358)	6.983	3.300	(1.262)
Provision for the pension fund obligations	(10.028)	(4.853)	3.008	1.213
Provision for employment termination benefits	(9.834)	(11.056)	2.431	2.493
Deductible tax losses and other tax advantages	(6.963)	(6.538)	1.958	1.813
Warranty and assembly provisions	(7.171)	(4.193)	1.761	860
Provisions for unused vacations	(1.192)	(1.089)	334	255
Derivative instruments	18.785	17.543	(5.884)	(4.241)
Other (net)	(5.426)	(13.694)	2.477	2.012
Deferred tax assets / (liabilities) (net)			**5.125**	**(2.040)**

(*) Tüpraş, a Subsidiary of the Group, was granted a large-scaled investment incentive for the Residuum Upgrade Project (RUP), in the first quarter of 2011, within the scope of the decree of the Council of Ministers dated 14 July 2009 and numbered 2009/15199. In accordance with the related legislation, Tüpraş can deduct 30% of its capital expenditures related with RUP, with a rate of 50% from tax base in accordance with the legislation provisions, at the time investment is completed and the revenue is started to be recognised. As of 7 October 2013, RUP was granted Strategic Investment Incentive by Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey that would be applicable after 19 October 2012. Within the scope of the Strategic Investment, Tüpraş can deduct 50% of its capital expenditures related with RUP, with a rate of 90% from tax base in accordance with the legislation provisions. The Company indexed the unused investment incentives within the scope of both incentive certificates with a valuation rate of 58,46%. In accordance with the related investment incentives, tax credits of TL7.625 million as of 31 December 2023 (31 December 2022: TL16.051 million) that Tüpraş will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Gains of Arçelik, arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that the investment reaches to the contribution amount. In accordance with the related investment incentives, tax credits of TL2.526 million as of 31 December 2023 (31 December 2022: TL2.374 million) that Arçelik will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Net deferred tax assets and liabilities recognised in the Subsidiaries' financial statements prepared in accordance with TFRS, are separately classified under deferred tax assets and liabilities accounts in Koç Holding's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented above, which are prepared on the basis of gross amounts, present the net deferred tax position.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Tax Advantages Obtained Under the Investment Incentive System:

Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which initiates when the investment starts to operate and ends when the maximum investment contribution amount is reached partly or fully. Within this scope, tax credits of TL10.151 million (31 December 2022: TL18.548 million) have been recognised as deferred tax asset in the consolidated financial statements as of 31 December 2023, which are expected to be recovered in the foreseeable future. TL8.397 million of deferred tax income is recognised in the consolidated income statement for the period 1 January - 31 December 2023 following the accounting of the mentioned deferred tax assets.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives, which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognises deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Group expects to recover related deferred tax assets within 5 years from the balance sheet date.

According to the sensitivity analysis performed as of 31 December 2023, when the inputs of key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 5 year recovery period of deferred tax assets related to the investment incentives.

The redemption schedule of carry forward tax losses which are not considered in deferred tax calculation is as follows:

	31 December 2023	**31 December 2022**
Up to 1 year	839	773
Up to 2 years	268	807
Up to 3 years	986	427
Up to 4 years	875	870
5 years and above	2.658	2.949
	5.626	**5.826**

Movements in deferred tax assets/(liabilities) are as follows:

	2023	**2022**
Beginning of the period - 1 January	**(2.040)**	**4.358**
Charge to the income statement	(3.670)	(4.426)
Charge to equity:		
- Gains/(losses) on financial assets measured at fair value through other comprehensive income	4.516	(5.473)
- Gains/(losses) on cash flow hedges	436	(4.877)
- Gains/(losses) on hedges of net investments in foreign operation	1.815	1.595
- Gains/(losses) on remeasurements of defined benefit plans	2.059	1.804
Business combinations (Note 3)	(814)	216
Currency translation differences	2.823	4.763
End of the period - 31 December	**5.125**	**(2.040)**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 19 - PROVISIONS FOR EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
Provision for the pension fund	10.028	4.853
Provision for employment termination benefits	9.790	12.514
Provision for unused vacations	1.654	1.456
	21.472	**18.823**

Provision for employment termination benefits:

- Domestic	8.408	11.082
- Foreign	1.382	1.432
	9.790	**12.514**

Under Turkish Labour Law, Koç Holding and its Turkish Subsidiaries and Joint Ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TL23.489,83 (31 December 2022: TL15.371,40) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of Koç Holding and its Subsidiaries registered in Turkey arising from the retirement of employees.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL35.058,58 effective from 1 January 2024 (1 January 2023: TL19.982,83) has been taken into consideration in calculating the consolidated reserve for employment.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the Subsidiaries within the scope of consolidation.

	31 December 2023	31 December 2022
Net discount rate (%)	2,90	0,55
Turnover rate to estimate the probability of retirement (%)	93,83	94,47

Movements in the provision for employment termination benefits are as follows:

Beginning of the period - 1 January	**12.514**	**7.206**
Increases during the period	2.404	3.873
Losses on remeasurement of defined benefit plans	2.151	6.403
Payments during the period	(2.982)	(759)
Interest expense	354	333
Currency translation differences	18	19
Monetary gain/(loss)	(4.669)	(4.561)
End of the period - 31 December	**9.790**	**12.514**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 19 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

Provision for the pension fund:

Yapı Kredi Bankası, a Subsidiary of the Group, accounted for a provision amounting to TL10.028 million (31 December 2022: TL4.853 million) as of 31 December 2023 for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table (Note 2.4.22). The following disclosures reflect the actuarial parameters and results in accordance with the New Law.

	31 December 2023	**31 December 2022**
Present value of funded obligations	18.120	13.544
- Pension benefits transferable to SSI	*11.187*	*15.716*
- Post-employment medical benefits transferable to SSI	*6.933*	*(2.172)*
Fair value of plan assets	(8.092)	(8.691)
	10.028	**4.853**

The fair value of pension assets are comprised as follows:

	31 December 2023	**%**	**31 December 2022**	**%**
Bank placements	2.313	29,0	2.039	23,0
Government bonds and treasury bills	3.667	45,0	4.756	55,0
Property, plant and equipment	1.583	20,0	1.455	17,0
Other	529	6,0	441	5,0
	8.092	**100**	**8.691**	**100**

The principal actuarial assumptions used are as follows:

	31 December 2023	**31 December 2022**
Discount rates (%):		
- Pension benefits transferable to SSI	9,80	9,80
- Post-employment medical benefits transferable to SSI	9,80	9,80

The average life expectancy of a pensioner is defined according to CSO 1980 mortality table.

The sensitivity analysis of provision for the pension fund is as follows:

% change in defined benefit obligation	%
Discount rate +1%	(11,60)
Discount rate -1%	14,36
Price inflation +1%	14,53
Price inflation -1%	(11,98)

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 20 - PROVISIONS

a) Short-term provisions	31 December 2023	31 December 2022
Provisions for warranty and assembly	4.424	4.422
Provisions for transportation	1.132	1.073
Provisions for demurrage	883	442
Expense accruals of construction contracts	820	824
Provision for price revision (*)	571	598
Provisions for lawsuits and penalties	257	766
Provision for Energy Market Regulation Authority participation share	220	239
Other	2.608	2.337
	10.915	**10.701**

(*) As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Group, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and provision amount has been revised as USD19 million (total TL571 million) based on the best estimates of the Company management as of 31 December 2023 (31 December 2022: USD19 million - TL598 million).

b) Other long-term provisions	31 December 2023	31 December 2022
Provisions for non-cash loans	3.294	3.665
Provisions for warranty	1.120	940
Provisions for lawsuits and penalties	353	393
Provisions for credit card points	195	181
Other	129	104
	5.091	**5.283**

The movements of provision for non-cash loans, provisions for warranty and assembly, expense accruals of construction contracts and provision for lawsuits for the years ended 31 December 2023 and 2022 are as follows:

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits
As of 1 January 2023	**3.665**	**5.362**	**824**	**1.159**
Additions	1.370	10.526	409	196
Disposals/(payments)	-	(8.934)	-	(50)
Business combinations	-	122	-	-
Reversals	-	-	-	(331)
Transfers	-	-	-	(8)
Currency translation differences	(2)	(87)	-	73
Monetary gain/(loss)	(1.739)	(1.445)	(413)	(429)
As of 31 December 2023	**3.294**	**5.544**	**820**	**610**

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits
As of 1 January 2022	**4.656**	**5.431**	**875**	**1.112**
Additions	971	8.929	344	628
Disposals/(payments)	(5)	(7.548)	-	(59)
Business combinations	-	30	-	-
Currency translation differences	17	(521)	-	-
Monetary gain/(loss)	(1.974)	(959)	(395)	(522)
As of 31 December 2022	**3.665**	**5.362**	**824**	**1.159**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 21 - OTHER RECEIVABLES AND PAYABLES

a) Other receivables	31 December 2023	31 December 2022
VAT and SCT receivables	18.757	14.185
Taxes and funds deductible	3.172	5.250
	21.929	**19.435**

b) Other short-term payables		
Taxes and duties payable	28.059	19.702
Social security premiums payable	2.139	1.247
Other	41	8
	30.239	**20.957**

NOTE 22 - OTHER ASSETS AND LIABILITIES

a) Other current assets	31 December 2023	31 December 2022
Prepaid expenses	71.419	62.474
Pledged assets (*)	30.730	40.745
Short-term assets used in operational lease	13.860	12.764
Interbank cheque clearing accounts	12.831	9.568
Advances given	7.129	9.971
Income accruals	3.603	5.107
Assets received for commitments of loans and receivables	3.298	3.462
Gold reserves	2.195	6.771
Income accrual on commodity hedge	241	475
Deposits and guarantees given	222	421
Other	2.615	2.258
	148.143	**154.016**

(*) Includes collaterals given by Yapı Kredi Bankası to the counter parties of derivative transactions.

The movement of short-term assets used in operational lease is as follows:

	2023	2022
Beginning of the period - 1 January	**12.764**	**10.511**
Additions	10.842	8.158
Transfers (*)	(7.542)	(4.880)
Current period depreciation	(2.202)	(706)
Currency translation differences	(2)	(319)
End of the period - 31 December	**13.860**	**12.764**

(*) Represents the net amount of transfers from other non-current assets used in operational lease classified under property, plant and equipment and transfers to inventories.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 22 - OTHER ASSETS AND LIABILITIES (Continued)

b) Other non-current assets	31 December 2023	31 December 2022
Spare parts and other materials	9.956	8.503
Advances given	5.320	3.498
Prepaid expenses	702	416
Other	345	378
	16.323	**12.795**

c) Other current liabilities		
Credit card payables	61.554	56.955
Accruals for sales and incentive bonus	10.757	9.481
Interbank/customer clearing accounts	10.177	10.343
Deposits and guarantees received	8.054	9.073
Payables to personnel and premium accruals	7.461	6.215
Advances received	5.353	3.036
Miscellaneous payables to bank customers	5.099	3.839
Revenue share (*)	4.858	5.576
Import deposits and transfer orders	3.919	1.221
Deferred income	3.055	3.489
Accruals for rent and advertising expenses	794	828
Saving deposit insurance fund payable	566	508
License fee expense accruals	306	346
Blocked deposits	197	592
Other	13.145	16.321
	135.295	**127.823**

(*) 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).

d) Other non-current liabilities	31 December 2023	31 December 2022
Deferred income	5.186	4.491
Liabilities related to the business combinations (*)	3.865	4.510
Deposits and guarantees received	213	215
Other	662	828
	9.926	**10.044**

(*) Represents the fair value of the consideration amount of Arçelik, a Subsidiary of the Group as of 31 December 2023, regarding the purchase of entire shares of IHP Appliances JSC and IHP Appliances Sales LLC dated 31 August 2022.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 23 - EQUITY

Share Capital

Koç Holding adopted the registered share capital system and its registered and issued share capital is as follows:

	31 December 2023
Limit on registered share capital (historical)	5.000
Issued share capital in nominal value	2.536

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.

The shareholding structure of Koç Holding is as follows:

	31 December 2023		31 December 2022	
	Share %	Amount	Share %	Amount
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş	43,75	1.109	43,65	1.107
Koç Family Members	18,65	473	18,65	473
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	1,40	35	1,40	35
Total Koç Family members and companies owned by Koç Family members	**63,80**	**1.617**	**63,70**	**1.615**
Vehbi Koç Vakfı	7,26	184	7,26	184
Koç Holding Emekli ve Yardım Sandığı Vakfı	2,35	60	2,35	60
Treasury shares (1)	0,04	1	0,04	1
Other	26,55	673	26,65	675
Paid-in share capital	**100,00**	**2.536**	**100,00**	**2.536**
Adjustment to share capital (2)		46.957		46.957
Total share capital		**49.493**		**49.493**

(1) Refers to shares that have been repurchased and publicly traded as of 31 December 2023.

(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.

The historical values and inflation adjustment effects of the following accounts under shareholders' equity of Koç Holding as of 31 December 2023 in accordance with TFRS and Tax Procedure Law ("TPL") financial statements are as follows:

31 December 2023 (TFRS)	Historical value	Inflation adjustment effect	Indexed value
Paid-in share capital	2.536	46.957	49.493
Share premium	9	220	229
Legal reserves	507	4.092	4.599
Special reserves	4.612	1.276	5.888

31 December 2023 (TPL)	Historical value	Inflation adjustment effect	Indexed value
Paid-in share capital	2.536	51.621	54.157
Share premium	9	197	206
Legal reserves	507	9.439	9.946
Special reserves	4.612	1.335	5.947

Retained earnings recognised in the consolidated balance sheet prepared in accordance with TFRS within the scope of the transition to TAS 29 amounted to TL71.918 million as of 1 January 2022 and the amount calculated on purchasing power basis amounted to TL194.663 million as of 31 December 2023.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 23 - EQUITY (Continued)

The analysis of shares by group is as follows:

Group	Unit of shares	Million TL	Nature of shares
A	67.877.342.230	679	Registered
B	185.712.462.770	1.857	Registered
		2.536	

In the Articles of Association ("the Articles") Koç Holding sets out the following privileges for A-group shares:

1. In accordance with Article 6, pre-emptive rights are used in purchase of new shares issued for their own groups; however, pre-emptive rights not used by B-group shareholders, can be used by A-group shareholders within the terms of CMB Legislation.

2. In accordance with Article 15 paragraph "c", A-group shareholders have two voting rights for each share owned at the General Assembly meetings (except for resolutions to change the Articles and decisions given for filing release and liability suits).

Treasury shares

Driven by the recent market conditions and the impacts of the developments in the global economies on the sectors operated in and on the Turkish capital markets, the current market price and the current net asset value discount of Koç Holding A.Ş. shares traded at Borsa İstanbul is deemed ineffective in reflecting the true value and fundamentals of Koç Holding. In this respect, in order to contribute to the fair valuation of Koç Holding A.Ş. shares, the Board of Directors of Koç Holding A.Ş. resolved to initiate a share buyback program from the market as of 1 July 2021. Within the scope of related decision, equivalent of 0,04% of the share capital with a nominal value of TL890 thousand (31 December 2022: TL890 thousand) were bought back, with a total cost of TL62 million including the transaction costs of which clearings have been completed as of 31 December 2023. (31 December 2022: TL62 million). No treasury shares have been sold as of the date of the report.

Other Comprehensive Income/Expense

	31 December 2023	31 December 2022
Items not to be reclassified to profit/loss:		
Gains/(losses) on remeasurement of defined benefit plans	(7.622)	(4.738)
	(7.622)	**(4.738)**
Items to be reclassified to profit/loss:		
Currency translation differences	20.538	20.712
Gains/(losses) on hedge	(16.122)	(6.553)
- Cash flow hedge	*(263)*	*4.810*
- Net investment hedge	*(15.859)*	*(11.363)*
Gains/(losses) on financial assets measured at fair value through other comprehensive income	6.985	13.745
	11.401	**27.904**

The movements in other comprehensive income/expenses are presented in the statement of comprehensive income and statement of changes in equity.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 23 - EQUITY (Continued)

Restricted Reserves

The details of the restricted reserves are as follows:

	31 December 2023	31 December 2022
Legal reserves	4.599	4.599
Special reserves	5.888	387
Reserves for treasury shares (*)	62	62
	10.549	**5.048**

(*) In accordance with the TCC and CMB regulations, reserves are provided for the treasury shares in an amount corresponding to the purchase price. In this context, reserves are provided within the legal reserves amounting to TL62 million (31 December 2022: TL62 million) including the transaction costs in the consolidated financial statements as of 31 December 2023 for the treasury shares.

Within the scope of the Exemption for Sale of Property and Participation Shares, the gains in statutory financial statements arising from the sale of investments and sale of properties have been classified under "Special Reserves".

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.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 23 - EQUITY (Continued)

As of 31 December 2023, total amount of reserves that can be subject to dividend distribution without creating additional corporate tax burden is TL29.568 million.

At the Ordinary General Assembly Meeting of Koç Holding held on 22 March 2023, it was decided to distribute TL4.394.711.320,65 cash dividend to shareholders, TL2.090.363.132,93 dividend to usufruct shareholders and TL15.000.000 dividend to Koç Holding Emekli ve Yardım Sandığı Vakfı. Cash dividend and dividend payments were completed as of 27-29 March 2023. The total amount of dividend and profit share payments calculated on a purchasing power basis is amounting to TL9.521 million as of 31 December 2023.

NOT 24 - ASSETS HELD FOR SALE

Studies have been initiated related to Tat Gıda, a Subsidiary of the Group, in order to explore strategic alternatives including sale of its shares and sale of Tat Gıda shares were completed on 19 February 2024 (Note 38). In this context, all assets and liabilities of Tat Gıda have been classified as held for sale in accordance with TFRS 5 in the consolidated financial statements as of 31 December 2023.

A summary of information regarding assets and liabilities related to assets held for sale is as follows:

Assets held for sale	**31 December 2023**	**31 December 2022**
Cash and cash equivalents	18	-
Trade receivables	215	-
Inventories	3.077	-
Property, plant and equipment	1.482	-
Intangible assets	72	-
Investment properties	354	215
Other assets	434	-
	5.652	**215**

Liabilities related to assets held for sale		
Borrowings	2.993	-
Trade payables	747	-
Provision for employee benefits	67	-
Other liabilities	340	-
	4.147	**-**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 25 - REVENUE

Non-finance revenue

	2023	**2022**
Domestic revenue	875.417	989.676
Foreign revenue	343.606	409.796
Revenue	**1.219.023**	**1.399.472**
Sales of goods	1.180.386	1.369.726
Sales of services	38.637	29.746
Revenue	**1.219.023**	**1.399.472**

The Group has accounted for revenue amounting to TL1.209.771 million (2022: TL1.379.587 million) related to performance obligation at a point in time and TL9.252 million (2022: TL19.885 million) related to performance obligation over time.

Revenue from finance sector operations

	2023	**2022**
Interest income	287.046	253.189
Fee and commission income	63.826	40.700
Other operating income	34.752	22.581
Revenue from finance sector operations	**385.624**	**316.470**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 26 - EXPENSES BY NATURE

Expenses by nature include cost of goods sold, marketing expenses, general administrative expenses and research and development expenses.

	2023	2022
Raw materials and supplies	612.528	770.858
Changes in work in progress and finished goods	(20.237)	(26.331)
Cost of merchandise sold	316.868	357.241
Personnel expenses	86.692	69.176
Depreciation and amortisation charges	30.612	25.457
Transportation, distribution and storage expenses	23.883	27.280
Energy and utility expenses	20.541	31.893
Warranty and assembly costs	10.554	8.900
Advertisement and promotion expenses	10.486	9.628
Maintenance and repair expenses	10.369	8.074
Outsourcing expenses	10.350	6.623
Information systems and communication expenses	4.666	4.646
Rent expenses (*)	4.505	2.981
Litigation and consultancy expenses	3.713	2.743
Insurance expenses	3.692	2.826
Taxes, duties and charges	3.508	2.421
Grants and donations	3.117	1.167
Sales, incentives and premium expenses	2.771	2.324
SDIF expenses	2.483	1.771
Travel expenses	1.940	1.640
Royalty and license expenses	1.264	1.225
Other	9.687	10.262
	1.153.992	**1.322.805**

(*) In 2023, TL3.600 million (2022: TL2.288 million) of the rent expenses is related to variable leases, TL607 million (2022: TL471 million) is related to short-term leases and TL298 million (2022: TL222 million) is related to low-value leases.

The functional breakdowns of depreciation, amortisation and personnel expenses are as follows:

	2023	2022
Depreciation and amortisation charges		
Cost of sales	16.130	12.808
Marketing expenses	3.940	3.828
General administrative expenses	8.549	7.163
Research and development expenses	1.993	1.658
	30.612	**25.457**

Total depreciation charges capitalised in 2023 is TL64 million (2022: TL150 million).

	2023	2022
Personnel expenses		
Cost of sales	25.597	19.772
Marketing expenses	12.843	10.660
General administrative expenses	47.494	38.049
Research and development expenses	758	695
	86.692	**69.176**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 26 - EXPENSES BY NATURE (Continued)

Cost of finance sector operations

	2023	**2022**
Interest expense	192.541	104.820
Fee, commissions and other expenses	39.509	20.663
Cost of finance sector operations	**232.050**	**125.483**

Fees for Services Received from Independent Auditor/ Independent Audit Firms

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2022, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2023 and calculated on purchasing power basis as of 31 December 2023 are as follows:

	2023(*)	**2022(*)**
Audit and assurance fee	140	143
Tax consulting fee	66	16
Other assurance services fee	26	9
Other service fee apart from audit	3	2
	235	**170**

(*) The fees above have been determined through including the legal audit and other related service fees of all Subsidiaries and Joint Ventures, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

NOTE 27 - OTHER OPERATING INCOME/(EXPENSES)

	2023	**2022**
Other operating income		
Foreign exchange gains arising from trading activities	26.629	17.830
Credit finance income arising from trading activities	8.477	9.321
Reversals of provisions	489	606
Income from claims and grants	416	249
Other	2.262	2.254
	38.273	**30.260**
Other operating expenses		
Foreign exchange losses arising from trading activities	(43.642)	(40.987)
Provision expenses for loans and receivables	(12.069)	(25.194)
Credit finance charges arising from trading activities	(8.128)	(5.121)
Other	(1.103)	(2.023)
	(64.942)	**(73.325)**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 28 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

	2023	2022
Gains from investment activities		
Gain on sale of property, plant and equipment and scraps	516	84
Rent income	286	277
Gain on sale of financial asset	269	-
Gain on fair value change of financial assets	134	652
Dividend income	93	201
Gain on bargain purchase (Note 3)	3	2.677
Changes in contingent liabilities	-	59
	1.301	**3.950**
Losses from investment activities		
Loss on sale of property, plant and equipment and other intangible assets	(130)	(262)
	(130)	**(262)**

NOTE 29 - FINANCIAL INCOME/(EXPENSES)

	2023	2022
Financial income		
Foreign exchange gains (1)	39.163	38.222
Interest income	18.812	4.999
Gains on derivative instruments	13.037	12.304
Other financial income	587	271
	71.599	**55.796**
Financial expenses		
Foreign exchange losses (1)	(60.363)	(53.194)
Interest expenses (2)	(26.166)	(24.724)
Losses on derivative instruments	(8.060)	(13.594)
Other financial expenses	(1.587)	(564)
	(96.176)	**(92.076)**

(1) Foreign exchange income/(expenses) arising from trading activities (trade receivables and payables) are accounted for under "other operating income/(expenses)".

(2) In 2023, TL534 million of interest expense is related to lease liabilities (2022: TL462 million).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 30 - RELATED PARTY DISCLOSURES

a) Related party balances

	31 December 2023			31 December 2022		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Trade receivables	10.232	849	11.081	8.039	1.009	9.048
Trade payables	10.785	936	11.721	10.722	680	11.402
Loans and advances given	4.191	1.405	5.596	6.680	1.929	8.609
Deposits	8.471	30.870	39.341	14.455	29.874	44.329
Borrowings	-	200	200	-	135	135

b) Related party transactions

	2023			2022		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	193.452	1.974	195.426	196.413	1.873	198.286
Purchases of goods and services	89.321	4.583	93.904	68.524	3.389	71.913
Interest expense (-)	-	(48)	(48)	-	(54)	(54)

The Joint Ventures of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's Subsidiaries with Joint Ventures and the balances from Joint Ventures are not subject to elimination.

As of 31 December 2023, TL5.939 million (31 December 2022: TL4.809 million) of trade receivables is composed of Tüpraş balances against Opet and THY Opet, TL1.843 million (31 December 2022: TL1.447 million) of trade receivables is composed of balances of Zer Ticaret and TL855 million (31 December 2022: TL554 million) of trade receivables is composed of balances of Ram Dış Ticaret arising from the sales transactions with other Group companies. TL8.668 million (31 December 2022: TL8.336 million) of trade payables is composed of balances due to vehicle purchases of Otokoç from Ford Otosan and Tofaş, and TL1.335 million (31 December 2022: TL411 million) of trade payables is composed of balances due to air conditioner purchases of Arçelik from Arçelik LG. Loans and advances given and deposit balances arise from loan and deposit transactions of Yapı Kredi Bankası, a Subsidiary of the Group, with Joint Ventures and other related parties.

TL171.151 million (31 December 2022: TL178.833 million) of sales of goods and services is composed of balances arising from the sales of Tüpraş' petroleum products to Opet and THY Opet for the year ended 31 December 2023. TL65.307 million (31 December 2022: TL43.370 million) of purchases of goods and services is composed of balances due to Otokoç's vehicle purchases from Ford Otosan and Tofaş, and TL7.276 million (31 December 2022: TL5.548 million) of purchases of goods and service is composed of transactions due to air conditioner purchases of Arçelik from Arçelik LG.

c) Key management compensation

The key management of Koç Holding is identified as the members of the Board of Directors (including the President), CEO and the Group Presidents. As of 31 December 2023, total key management compensation incurred by Koç Holding amounted to TL2.594 million (31 December 2022: TL2.542 million) on the purchasing power basis of 31 December 2023. TL244 million of the respective amount is related to the payments made for employee leaves and the remaining portion is comprised of short-term employee benefits (31 December 2022: TL705 million).

After charging the costs to Koç Group companies to whom services are provided, the cost incurred by Koç Holding A.Ş. amounted to TL932 million (31 December 2022: TL836 million) on the purchasing power basis of 31 December 2023. TL55 million of this amount is related to the payments made for employee leaves (31 December 2022: TL155 million).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 31 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES

Information regarding the Subsidiaries in which the Group has major non-controlling interests is as follows:

	31 December 2023			
Subsidiary	Non-controlling interest %	Gains/(losses) attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Yapı Kredi Bankası	44,31	7.995	92.181	5.134
Tüpraş	53,88	28.875	112.803	15.824
Arçelik	53,87	4.880	33.878	2.137
Aygaz	59,32	1.786	10.610	353

	31 December 2022			
Subsidiary	Non-controlling interest %	Gains/(losses) attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Yapı Kredi Bankası	37,51	11.781	85.382	827
Tüpraş	53,88	37.474	99.681	157
Arçelik	54,84	4.386	32.987	2.279
Aygaz	59,32	66	8.730	292

Condensed financial information of Subsidiaries after consolidation adjustments and before eliminations is as follows:

Condensed balance sheet information:

	31 December 2023			
	Yapı Kredi Bankası	**Tüpraş**	**Arçelik**	**Aygaz**
Cash and cash equivalents	334.868	97.324	48.792	3.374
Receivables from finance sector operations	953.659	-	-	-
Other current assets	169.691	103.875	122.530	6.769
Deferred tax assets	475	9.664	8.231	334
Other non-current assets	436.385	160.883	76.206	16.777
Total assets	**1.895.078**	**371.746**	**255.759**	**27.254**
Short-term borrowings	241.936	29.968	57.448	2.127
Payables to finance sector operations	1.156.825	-	-	-
Other current liabilities	115.506	125.329	80.353	6.909
Long-term borrowings	143.005	5.358	44.461	93
Other non-current liabilities	29.792	3.416	16.086	480
Total liabilities	**1.687.064**	**164.071**	**198.348**	**9.609**
Total equity	**208.014**	**207.675**	**57.411**	**17.645**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 31 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)

	31 December 2022			
	Yapı Kredi Bankası	**Tüpraş**	**Arçelik**	**Aygaz**
Cash and cash equivalents	320.605	80.795	40.416	3.010
Receivables from finance sector operations	1.031.956	-	-	-
Other current assets	176.371	116.812	113.579	9.293
Deferred tax assets	3.175	2.065	3.824	206
Other non-current assets	438.811	152.403	72.163	16.873
Total assets	**1.970.918**	**352.075**	**229.982**	**29.382**
Short-term borrowings	232.219	19.763	58.047	4.595
Payables to finance sector operations	1.212.737	-	-	-
Other current liabilities	121.389	110.300	72.830	7.863
Long-term borrowings	149.262	35.053	26.709	1.335
Other non-current liabilities	27.671	3.305	16.566	1.051
Total liabilities	**1.743.278**	**168.421**	**174.152**	**14.844**
Total equity	**227.640**	**183.654**	**55.830**	**14.538**

Condensed income statement information:

	2023			
	Yapı Kredi Bankası	**Tüpraş**	**Arçelik**	**Aygaz**
Revenue	383.708	686.613	257.104	64.835
Depreciation and amortisation	1.282	906	3.311	241
Operating profit	95.105	73.514	10.158	193
Net financial expense	-	(5.490)	(12.354)	(462)
Profit before tax	49.296	56.182	7.197	3.286
Net profit for the period	18.040	54.451	8.434	3.294

	2022			
	Yapı Kredi Bankası	**Tüpraş**	**Arçelik**	**Aygaz**
Revenue	314.869	919.817	257.168	71.283
Depreciation and amortisation	2.493	1.761	6.436	470
Operating profit	124.533	76.173	9.402	(51)
Net financial expense	-	(13.460)	(11.959)	(709)
Profit before tax	73.692	77.070	7.634	412
Net profit for the period	31.408	69.337	7.403	331

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 32 - 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,
j) Brand supporting government grants given by the Ministry of Economy of Turkey (Turquality),
k) Patent incentives.

NOTE 33 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Guarantees given:

Finance:

Non-cash loans:

	31 December 2023	**31 December 2022**
Letters of guarantee	304.183	298.854
- TL	*168.196*	*146.456*
- Foreign currency	*135.987*	*152.398*
Letter of credits	54.078	54.705
Acceptance credits	2.178	1.425
Other	28.189	46.719
	388.628	**401.703**
Less: Provisions (Note 20.b)	(3.294)	(3.665)
	385.334	**398.038**

Non-Finance:

	31 December 2023	**31 December 2022**
Letters of guarantee	37.464	41.996
Letters of credit	30.241	19.324
Guarantees given to banks	3.654	4.108
Guarantorships given to banks	2.937	3.204
Other	606	33
	74.902	**68.665**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 33 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals/pledges/mortgages/bill of guarantees ("CPMB") of Subsidiaries of the Group as of 31 December 2023 and 2022 are as follows (foreign currency CPMBs are presented by their TL equivalents):

	31 December 2023	31 December 2022
A. Total amount of CPMB's given in the name of its own legal personality	58.076	52.579
-TL	17.349	24.986
-USD	31.263	22.068
-EUR	6.629	3.581
-Other	2.835	1.944
B. Total amount of CPMB's given on behalf of the fully consolidated companies (1)	16.826	16.088
-TL	442	666
-USD	9.402	7.485
-EUR	2.819	3.271
-Other	4.163	4.666
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business (2)	388.628	401.703
-TL	178.712	165.613
-USD	102.344	109.360
-EUR	93.541	110.169
-Other	14.031	16.561
D. Total amount of other CPMB's given		
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C		
-TL	-	-
-USD	-	-
-EUR	-	-
-Other	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
	463.530	**470.370**

(1) As of 31 December 2023, the total amount of incurred commission expenses for the CPMBs of the Subsidiaries of the Group, except for 'A. CPMB's given in the name of its own legal personality', is TL70 million (31 December 2022: TL81 million).

(2) Related amount consists of the CPMB's (non-cash loans) given by Yapı Kredi Bankası, a Subsidiary of the Group, to related and third parties within the scope of its ordinary business activities.

<u>*Finance:*</u>

Financial assets pledged as collateral:

As of 31 December 2023, financial assets measured at fair value through other comprehensive income, measured at amortised cost and measured at fair value through profit and loss whose total carrying amount is TL64.341 million (31 December 2022: TL49.985 million) are pledged to banks and other financial institutions against funds obtained under repurchase agreements, borrowed funds and total return swap transactions.

In addition, as of 31 December 2023, financial assets amounting to TL139.586 million (31 December 2022: TL174.611 million) are also pledged to regulatory authorities for legal requirements and other financial institutions as a guarantee for stock exchange and money market operations. These are mainly the CBRT, Borsa İstanbul, Settlement and Custody Bank and other various banks.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 33 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees received:

Non-finance:

	31 December 2023	31 December 2022
Letters of guarantee	29.690	30.388
Mortgages	9.249	7.777
Bill of guarantees	5.763	534
Direct crediting limit	5.200	4.711
Other	3.785	8.956
	53.687	**52.366**

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk, product profit margin/crack margin risk and commodity price risk) and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative instruments to hedge risk exposures.

A) Credit Risk

Credit risk is the risk that a counterparty cannot fulfill its obligations in the agreements that the Group is party to. The Group monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of large number of entities comprising the customer bases and the penetration to different business segments.

Credit risk management procedures

Finance:

Credit risk which is inherent in all products ranging from loans to customers and commitments to letters of credit is monitored through detailed credit policies and procedures by the management of companies operating in the finance sector.

Yapı Kredi Bankası identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and industry and geographical concentration and considering credit policies determined by the Board of the Directors each year. The limits defined by the Board of Directors for each bank are followed up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls for each Treasury Management employee authorised for market transactions are followed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with treasury management.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Rating system used for corporate/commercial customers, medium sized entities and small and medium sized entities is also used for defining the authorization level for loan granting. Thus, customers with a low rating are assigned to higher authority levels, whereas customers with a high rating are assigned to lower authority levels. By using this methodology it is aimed to establish risk based optimization in the loan processes. Furthermore, probability of default of a customer with different characteristics is calculated through this internally developed rating system.

There are control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with counterparty credit risk management. Yapı Kredi Bankası dynamically manages and calculates its limits by taking these potential risks into considerations. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments.

Yapı Kredi Bankası may use its rights, as stated in the derivative agreements based on which the derivative transactions are realised, in order to eliminate the risks that may arise due to being exposed to severe risk levels arising from fluctuations in the market.

Non-finance:

The Group's non-finance sector companies are exposed to credit risk arising from their trade receivables, financial assets, derivative instruments and bank deposits.

Major portion of trade receivables stem from the dealers over which the Group exerts a significant control mechanism. Credit risk by dealer is followed up by taking into account the relevant customers' financial position, past experience and other related factors; and guarantees are obtained to the greatest extent possible.

Credit risk details

The exposure of consolidated financial assets to credit risk is as follows:

31 December 2023	**Trade receivables**	**Receivables from finance sector operations**	**Cash and cash equivalents**	**Financial assets**	**Derivative instruments**
Maximum exposure to credit risk as of reporting date (A+B+C+D)	**144.453**	**959.999**	**267.137**	**417.031**	**24.152**
A. Book value of neither past due nor impaired financial assets [1]	137.998	962.861	267.137	417.031	24.152
B. Book value of past due but not impaired financial assets	6.488	9.998	-	-	-
C. Net book value of impaired assets	39	8.905	-	-	-
- Past due	39	8.905	-	-	-
- Gross amount	2.478	28.588	-	-	-
- Impairment	(2.439)	(19.683)	-	-	-
- *Secured with guarantees*	*98*	*6.659*	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- *Secured with guarantees*	-	-	-	-	-
D. Expected credit losses (-) [2]	(72)	(21.765)	-	-	-

(1) Trade receivables and receivables from finance sector operations include related party balances amounting to TL11.081 million and TL5.596 million, respectively.

(2) Include expected credit losses related to receivables from finance sector operations classified under "A" and "B" categories in the table above.

(Amounts on tables expressed in million of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL388.628 million (Note 33). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL2.201.400 million.

31 December 2022	**Trade receivables**	**Receivables from finance sector operations**	**Cash and cash equivalents**	**Financial assets**	**Derivative instruments**
Maximum exposure to credit risk as of reporting date (A+B+C+D)	**124.767**	**1.034.264**	**228.056**	**411.618**	**37.471**
A. Book value of neither past due nor impaired financial assets (1)	119.320	1.051.646	228.056	411.618	37.471
B. Book value of past due but not impaired financial assets	5.434	7.073	-	-	-
C. Net book value of impaired assets	80	9.364	-	-	-
- Past due	80	9.364	-	-	-
- Gross amount	3.219	36.652	-	-	-
- Impairment	(3.139)	(27.288)	-	-	-
- Secured with guarantees	*147*	*7.416*	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
D. Expected credit losses (-) (2)	(67)	(33.819)	-	-	-

(1) Trade receivables and receivables from finance sector operations include related party balances amounting to TL9.048 million and TL8.609 million, respectively.

(2) Include expected credit losses related to receivables from finance sector operations classified under “A” and “B” categories in the table above.

As of 31 December 2022, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL401.703 million (Note 33). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL2.237.879 million.

Trade receivables

a) Details of neither past due nor impaired trade receivables’ credit quality:

	2023	**2022**
Customers with no payment defaults	126.684	100.313
Public institutions and corporations	5.982	11.395
Customers with prior collection delays	2.947	4.772
New customers (less than 3 months)	2.385	2.840
	137.998	**119.320**

As of 31 December 2023, trade receivables that are not due and not impaired amounting to TL57.268 million are secured by guarantees (2022: TL44.655 million).

b) Analysis of past due trade receivables:

Not impaired	**2023**	**2022**
Past due up to 1 month	3.729	2.757
Past due 1 - 3 months	1.165	821
Past due 3 - 12 months	647	611
Past due more than 1 year	947	1.245
	6.488	**5.434**

As of 31 December 2023, past due but not impaired trade receivables amounting to TL3.304 million are secured by guarantees (2022: TL2.186 million).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Impaired	**2023**	**2022**
Past due up to 3 months	216	215
Past due 3 - 6 months	44	116
Past due 6 - 12 months	947	1.375
Past due more than 1 year	1.271	1.513
Less: Provision for impairment	(2.439)	(3.139)
	39	**80**

As of 31 December 2023, impaired receivables amounting to TL98 million are secured by guarantees (2022: TL147 million).

c) Expected credit losses:

31 December 2023	**Not overdue**	**0 - 1 month overdue**	**1 - 3 months overdue**	**More than 3 months overdue**	**Total**
Expected loss rate (%)	0,001	0,01	0,13	1,78	
Period end balance (*)	126.917	3.882	1.227	3.857	135.883
Expected credit losses	2	-	2	68	72
31 December 2022					
Expected loss rate (%)	0,003	0,02	0,19	1,26	
Period end balance (*)	110.274	2.913	878	4.860	118.925
Expected credit losses	4	1	2	60	67

(*) Represents gross trade receivables excluding related party balances and impairment losses.

Receivables from finance sector operations

a) As of 31 December 2023, the rating concentration of undue corporate and commercial loans of Yapı Kredi Bankası is as follows:

		Concentration level (%)	
	Rating class	**31 December 2023**	**31 December 2022**
Above average	1 - 4	46,1	43,6
Average	5+ - 6	41,3	40,7
Below average	7+ - 9	12,6	15,7

b) Considering the scoring models, Yapı Kredi Bankası classifies its credit portfolio into the following groups as of 31 December 2023:

31 December 2023	**% of loans and advances**	**Provision coverage (%)**
Stage 1	86,61	0,70
Stage 2	10,53	14,85
Stage 3	2,86	68,88

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	**% of loans and advances**	**Provision coverage (%)**
Stage 1	84,37	0,85
Stage 2	12,28	19,24
Stage 3	3,35	74,42

c) The details of the receivables from finance sector operations that are overdue but not impaired, which are classified as Stage 2, are as follows:

31 December 2023	**Corporate and commercial loans**	**Consumer loans**	**Credit card receivables**	**Financial leasing receivables**	**Factoring receivables**	**Total**
0 - 1 months overdue	1.450	1.977	1.140	70	4	4.641
1 - 3 months overdue	627	3.255	1.449	22	4	5.357
	2.077	**5.232**	**2.589**	**92**	**8**	**9.998**

31 December 2022	**Corporate and commercial loans**	**Consumer loans**	**Credit card receivables**	**Financial leasing receivables**	**Factoring receivables**	**Total**
0 - 1 months overdue	331	2.371	537	90	4	3.333
1 - 3 months overdue	529	2.441	530	238	2	3.740
	860	**4.812**	**1.067**	**328**	**6**	**7.073**

d) Sectoral details of receivables from finance sector operations are as follows:

	31 December 2023	**%**	**31 December 2022**	**%**
Consumer loans	409.509	42	379.294	37
Production	211.394	22	278.729	27
Food and retail	67.294	7	72.827	7
Financial institutions	35.848	4	42.639	4
Public sector	25.864	3	28.075	3
Real estate	18.035	2	23.941	2
Other sectors	192.055	20	208.759	20
	959.999	**100**	**1.034.264**	**100**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

B) Market Risk

a) Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Group are defined as the "Net foreign currency position" and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

The Group keeps the currency risk exposure within the limits set by Koç Holding, the Parent Company and within the limits approved by their Board of Directors. Derivative contracts such as swaps, options and forwards are also used as instruments for currency risk management for hedging purposes, when needed.

Assets and liabilities denominated in foreign currency are as follows:

	31 December 2023	**31 December 2022**
Assets	901.435	955.782
Liabilities	(1.152.341)	(1.158.038)
Net balance sheet position	**(250.906)**	**(202.256)**
Derivative instruments net position	213.717	110.807
Net foreign currency position	**(37.189)**	**(91.449)**
Loans designated as hedging instruments (1)	13.973	19.011
Net foreign currency position after hedging instruments	**(23.216)**	**(72.438)**
Inventories under the natural hedge (2)	46.188	62.598
Net foreign currency position after hedging instruments and natural hedge	**22.972**	**(9.840)**

(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 USD24 million (TL694 million) as of 31 December 2023 (31 December 2022: USD205 million (TL6.316 million)).

The EUR denominated loans of Wat Motor are designated as hedging instruments against the spot foreign exchange risk (EUR/TL) associated with highly probable EUR denominated export revenues. The loans of Wat Motor which are subject to cash flow hedge amounted to EUR25 million (TL814 million) as of 31 December 2023.

Foreign exchange gains/losses related to the loans of Tüpraş and Wat Motor are recognised under equity as "gains/losses on cash flow hedges" until the realisation of the cash flows at the hedged items.

Arçelik, a Subsidiary of the Group designated EUR210 million (TL6.841 million) of bank loan and RUB11.853 million (TL3.866 million) of contingent consideration; Otokoç, a Subsidiary of the Group designated EUR54 million (TL1.758 million), as hedging instruments in order to hedge the foreign currency risk arising from the translation of net assets of the subsidiaries operating in Europe and Russia to Turkish Lira (31 December 2022: Arçelik: EUR200 million - RUB10.548 million, Otokoç: EUR49 million). Foreign exchange gains/losses of the related loans are recognised under equity as "gains/(losses) on net investment hedges" in order to offset the foreign exchange gains/(losses) arising from the translation of the net assets of investments in foreign operations to Turkish Lira.

(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 2023, Tüpraş and Aygaz have raw materials and petroleum products amounting to TL44.599 million (31 December 2022: TL59.046 million) and TL1.589 million (31 December 2022: TL3.552 million), respectively.

Excluding the loans designated as hedging instruments and the inventories under the natural hedge, the Group has TL22.972 million (USD780 million) foreign exchange net long position as of 31 December 2023.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL2,6 billion lower, mainly as a result of foreign exchange losses on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses on the net profit (attributable to equity holders) is approximately TL54 million.

The impact of 10% exchange increase in income statement (pre-tax profit):

	USD	EUR	Other	Total
31 December 2023				
Foreign currency net position (*)	(1.222)	(2.059)	637	(2.644)

(*) 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 2023				
Hedged items (*)	(69)	(3.392)	-	(3.461)

(*) 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.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2023			
	USD (1)	**EUR (1)**	**Other (TL Equivalent)**	**Total (TL Equivalent)**
Assets:				
Trade receivables (2)	1.025	720	5.600	59.220
Receivables from finance sector operations	1.979	1.977	13.296	135.955
Monetary financial assets	7.170	3.326	23.571	343.004
Non-monetary assets	20	-	-	584
Other assets	1.026	195	4.967	41.528
Current assets	**11.220**	**6.218**	**47.434**	**580.291**
Receivables from finance sector operations	2.586	2.296	2.032	152.869
Monetary financial assets	4.511	548	6.672	157.341
Other assets	271	86	112	10.934
Non-current assets	**7.368**	**2.930**	**8.816**	**321.144**
Total assets	**18.588**	**9.148**	**56.250**	**901.435**
Liabilities:				
Trade payables (2)	3.903	616	1.740	136.695
Borrowings	5.854	2.634	5.698	263.847
Payables of finance sector operations	8.110	5.310	85.573	497.279
Other liabilities	404	467	6.512	33.625
Short-term liabilities	**18.271**	**9.027**	**99.523**	**931.446**
Borrowings	5.508	1.207	709	202.129
Payables of finance sector operations	9	296	65	9.975
Other liabilities	244	48	27	8.791
Long-term liabilities	**5.761**	**1.551**	**801**	**220.895**
Total liabilities	**24.032**	**10.578**	**100.324**	**1.152.341**
Net balance sheet position	**(5.444)**	**(1.430)**	**(44.074)**	**(250.906)**
Derivative assets	10.544	1.974	56.129	430.815
Derivative liabilities	(5.450)	(1.455)	(9.279)	(217.098)
Derivative instruments net position	**5.094**	**519**	**46.850**	**213.717**
Net foreign currency position	**(350)**	**(911)**	**2.776**	**(37.189)**
Loans designated as hedging instruments (3)	24	289	3.865	13.973
Net foreign currency position after hedging instruments	**(326)**	**(622)**	**6.641**	**(23.216)**
Net foreign currency position of monetary items	(370)	(911)	2.776	(37.773)
Fair value of derivative instruments held for hedging	167	23	-	5.662

(1) Presented in original currencies.
(2) Represents balances before consolidation eliminations.
(3) Includes loans of Tüpraş, Arçelik, Otokoç and Wat Motor designated as hedging instruments.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2022			
	USD (1)	**EUR (1)**	**Other (TL Equivalent)**	**Total (TL Equivalent)**
Assets:				
Trade receivables (2)	712	634	5.668	48.430
Receivables from finance sector operations	1.942	2.214	11.360	143.942
Monetary financial assets	7.117	3.102	32.004	353.168
Non-monetary assets	2	-	20	78
Other assets	1.336	386	6.945	60.777
Current assets	**11.109**	**6.336**	**55.997**	**606.395**
Receivables from finance sector operations	3.124	2.632	1.558	184.248
Monetary financial assets	4.315	442	4.869	152.309
Other assets	278	118	357	12.830
Non-current assets	**7.717**	**3.192**	**6.784**	**349.387**
Total assets	**18.826**	**9.528**	**62.781**	**955.782**
Liabilities:				
Trade payables (2)	3.207	500	1.201	116.444
Borrowings	5.362	1.987	6.683	237.150
Payables of finance sector operations	9.298	5.311	69.815	530.729
Other liabilities	377	465	469	27.367
Short-term liabilities	**18.244**	**8.263**	**78.168**	**911.690**
Borrowings	5.787	1.230	522	219.232
Payables of finance sector operations	16	243	37	8.529
Other liabilities	296	72	7.136	18.587
Long-term liabilities	**6.099**	**1.545**	**7.695**	**246.348**
Total liabilities	**24.343**	**9.808**	**85.863**	**1.158.038**
Net balance sheet position	**(5.517)**	**(280)**	**(23.082)**	**(202.256)**
Derivative assets	9.709	1.577	33.497	384.432
Derivative liabilities	(6.879)	(1.585)	(9.613)	(273.625)
Derivative instruments net position	**2.830**	**(8)**	**23.884**	**110.807**
Net foreign currency position	**(2.687)**	**(288)**	**802**	**(91.449)**
Loans designated as hedging instruments (3)	205	249	4.510	19.011
Net foreign currency position after hedging instruments	**(2.482)**	**(39)**	**5.312**	**(72.438)**
Net foreign currency position of monetary items	(2.689)	(288)	782	(91.527)
Fair value of derivative instruments held for hedging	316	51	-	11.399

(1) Presented in original currencies.
(2) Represents balances before consolidation eliminations.
(3) Includes loans of Tüpraş, Arçelik, Otokoç and Entek designated as hedging instruments.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Export and import details (TL Equivalent)

Group's consolidated export and import balances are as follows:

Export	**2023**	**2022**
USD	155.490	186.280
EUR	55.683	54.133
Other	22.788	22.962
	233.961	**263.375**

Import		
USD	556.220	710.591
EUR	24.281	24.904
Other	169	132
	580.670	**735.627**

b) Interest Rate Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest and short-long term nature of borrowings as well as using derivative instruments for hedging purposes.

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis of Yapı Kredi Bankası, a Subsidiary of the Group, regarding the effect of interest rate fluctuations on the financial statements are performed by the Risk Management Department for all interest sensitive instruments. The results of studies such as time analysis, difference analysis, base point value analysis, scenario analysis, net interest income simulations are presented to the Board of Directors monthly within the scope of the Asset-Liability Management function. By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are also closely monitored.

The weighted average effective annual interest rates (%) for the consolidated financial assets and liabilities outstanding as of 31 December 2023 and 2022 are as follows:

	31 December 2023			**31 December 2022**		
	USD	**EUR**	**TL**	**USD**	**EUR**	**TL**
Assets						
Cash and cash equivalents	5,91	5,13	39,82	2,65	0,63	21,23
Financial assets						
- Measured at fair value through profit or loss	5,75	5,98	-	5,38	4,80	-
- Measured at fair value through other comprehensive income	7,65	4,12	38,34	7,56	3,32	48,65
- Measured at amortised cost	6,45	3,05	39,55	6,39	2,62	53,69
Receivables from finance sector operations	8,99	7,66	40,86	8,18	6,09	23,07
Liabilities						
Borrowings	7,42	5,53	33,21	6,29	3,13	18,37
Payables of finance sector operations	0,87	0,93	20,29	1,12	0,24	8,26

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Consolidated financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

31 December 2023	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	174.351	18.247	362	-	96.445	289.405
Balances with CBRT	796	-	-	-	240.822	241.618
Financial assets						
- Measured at fair value through profit or loss	1.131	540	247	422	5.651	7.991
- Measured at fair value through other comprehensive income	37.020	7.900	15.874	36.036	4.997	101.827
- Measured at amortised cost	126.448	20.107	74.284	96.519	-	317.358
Receivables from finance sector operations	385.353	357.603	168.858	48.185	-	959.999
	725.099	**404.397**	**259.625**	**181.162**	**347.915**	**1.918.198**
Liabilities						
Borrowings	293.943	159.339	144.972	7.803	2.766	608.823
Payables to finance sector operations	570.032	109.735	9.472	646	446.204	1.136.089
	863.975	**269.074**	**154.444**	**8.449**	**448.970**	**1.744.912**

31 December 2022	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	139.519	14.800	-	-	95.506	249.825
Balances with CBRT	5.381	-	-	-	210.403	215.784
Financial assets						
- Measured at fair value through profit or loss	9	4.108	210	349	5.172	9.848
- Measured at fair value through other comprehensive income	48.185	33.643	21.679	25.553	2.449	131.509
- Measured at amortised cost	113.592	22.717	48.899	92.342	-	277.550
Receivables from finance sector operations	409.591	346.414	225.458	52.801	-	1.034.264
	716.277	**421.682**	**296.246**	**171.045**	**313.530**	**1.918.780**
Liabilities						
Borrowings	260.896	158.112	193.949	9.715	1.076	623.748
Payables to finance sector operations	662.024	46.800	8.071	558	456.455	1.173.908
	922.920	**204.912**	**202.020**	**10.273**	**457.531**	**1.797.656**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity to interest rate risk

The sensitivity analysis of Yapi Kredi Bankası, a Subsidiary of the Group operating in the finance sector, regarding fluctuations in interest rates was carried out for all interest-bearing assets and debts with interest. In the case of 100 bps rise in the annual interests in TL, USD and EUR currencies, the negative impact on the Group's consolidated equity holders of the parent is around TL2 billion. (In the case of 100 bps decrease in the annual interests, the positive impact on the Group's consolidated equity holders of the parent is around TL2,6 billion.)

In the case of 100 bps rise in the annual interests, the additional annual consolidated interest expense resulting from the repricing of borrowings within 1-year period is around TL735 million for the subsidiaries of the Group which operate in non-finance sector. It is expected that this interest expense will be substantially offset by the additional interest income resulting from the repricing of cash and cash equivalents due to their short term maturities and therefore, 100 bps rise in interest rates is not expected to have a material net interest income/(expense) effect at the Group's non-finance sector operations' results within 1-year period.

The interest rate position is as follows:

	31 December 2023	31 December 2022
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents	163.730	142.459
Balances with CBRT	796	5.381
Financial assets		
- Measured at fair value through profit or loss	2.340	4.676
- Measured at fair value through other comprehensive income	74.625	92.405
- Measured at amortised cost	261.451	197.592
Receivables from finance sector operations	773.815	743.992
	1.276.757	**1.186.505**
Financial liabilities		
Borrowings	409.568	443.596
Payables to finance sector operations	689.823	717.350
	1.099.391	**1.160.946**
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents	29.230	11.860
Financial assets		
- Measured at fair value through other comprehensive income	22.205	36.655
- Measured at amortised cost	55.907	79.958
Receivables from finance sector operations	186.184	290.272
	293.526	**418.745**
Financial liabilities		
Borrowings	196.489	179.076
Payables to finance sector operations	62	103
	196.551	**179.179**

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Commodity price risk

Tüpraş, a Subsidiary of the Group is exposed to risk arising from fluctuations in crude oil prices due to raw material inventory held for production. Tüpraş management manages the risk by regularly reviewing the amount of the inventory held.

Tüpraş sets its sales price according to Petroleum Market Law No: 5015 considering the product prices at the Mediterranean market, which are the closest reachable world competitive market and USD currency rates. The changes in prices in the Mediterranean market and USD currency rate are evaluated daily by Tüpraş management and sales prices are updated when prices calculated according to the aforementioned factors differ significantly from the current sales prices.

Since instability in crude oil prices may cause fluctuations in net profit and cash flows, Tüpraş management has constituted a hedging policy in order to eliminate the aforementioned risk. In accordance with the policy, short and long term hedging transactions are realised by utilising various derivative instruments.

d) Product Profit Margin (Crack Margin) Risk

Besides the fluctuations in crude oil prices, Tüpraş is also exposed to the risk of fluctuations in crack margins arising from the changes in product prices. In order to eliminate the aforementioned risk in crack margins, a hedging policy has been constituted by considering historical product price levels, market expectations and forecasted sales volumes. In accordance with the policy, crack margins are hedged by utilising various derivative instruments.

C) Liquidity Risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

Liquidity management of Yapı Kredi Bankası, a Subsidiary of the Group, is daily monitored before the Bank under Treasury Management, Risk Management and Capital Management. Liquidity risk is evaluated with liquidity gap analysis, liquidity stress tests and supplementary precautions/measurements. Liquidity Gap analysis are performed for two different periods as short-term and long-term. Both short-term liquidity and long-term (structural) liquidity measurement and reporting for all types of currencies are periodically made in the Bank and its subsidiaries. There are limits which are predetermined and approved by the Board of Directors on the basis of all currencies for each period. Yapı Kredi Bankası mainly uses derivative transactions as managing liquidity risk and monitors cash inflow and outflow periods in the framework of funding plan balancing the distribution among currencies.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Undiscounted contractual cash flows of the consolidated financial liabilities as of 31 December 2023 and 2022 are as follows:

31 December 2023	**Book value**	**Total contractual cash outflow**	**Demand or up to 3 months**	**3 months - 1 year**	**1 - 5 years**	**5 years and over**
Financial liabilities						
Borrowings	608.823	693.708	172.450	225.836	232.489	62.933
Borrowings, debt instruments and factoring liabilities	*600.428*	*683.890*	*171.545*	*224.247*	*227.453*	*60.645*
Lease liabilities	*8.395*	*9.818*	*905*	*1.589*	*5.036*	*2.288*
Trade payables	186.649	193.882	186.794	7.088	-	-
Payables to finance sector operations	1.136.089	1.158.557	1.025.097	123.507	9.318	635
Derivative instruments (*)						
Cash inflows	24.152	473.349	343.159	94.568	20.971	14.651
Cash outflows	13.594	(472.528)	(340.763)	(90.428)	(25.274)	(16.063)

31 December 2022	**Book value**	**Total contractual cash outflow**	**Demand or up to 3 months**	**3 months - 1 year**	**1 - 5 years**	**5 years and over**
Financial liabilities						
Borrowings	623.748	698.740	196.544	199.227	243.082	59.887
Borrowings, debt instruments and factoring liabilities	*615.454*	*687.202*	*195.443*	*197.395*	*238.114*	*56.250*
Lease liabilities	*8.294*	*11.538*	*1.101*	*1.832*	*4.968*	*3.637*
Trade payables	169.452	175.625	172.050	3.575	-	-
Payables to finance sector operations	1.173.908	1.189.657	1.131.094	50.185	7.838	540
Derivative instruments (*)						
Cash inflows	37.471	399.072	284.691	63.394	35.681	15.306
Cash outflows	25.457	(434.620)	(314.590)	(57.231)	(43.433)	(19.366)

(*) Derivative instruments do not include the carrying value (Note 11) of changes in the fair value changes arising from the off-balance sheet operating lease transactions of Otokoç, a Subsidiary of the Group, denominated in foreign currency.

The distribution of non-cash loans (Note 33) of Yapı Kredi Bankası, a Subsidiary of the Group, by original maturity is as follows:

31 December 2023	**Indefinite**	**Up to 1 year**	**1-5 years**	**5 years and over**	**Total**
Letters of guarantee	81.806	51.189	152.461	18.727	304.183
Letter of credits	-	38.045	16.022	11	54.078
Acceptance credits	-	2.145	33	-	2.178
Other	3.507	9.032	3.642	12.008	28.189
	85.313	**100.411**	**172.158**	**30.746**	**388.628**

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	Indefinite	Up to 1 year	1-5 years	5 years and over	Total
Letters of guarantee	88.227	65.960	121.978	22.689	298.854
Letter of credits	-	38.288	16.164	253	54.705
Acceptance credits	-	1.419	6	-	1.425
Other	2.369	18.014	5.437	20.899	46.719
	90.596	**123.681**	**143.585**	**43.841**	**401.703**

Capital Risk Management

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Group monitors capital on the basis of the net financial debt/invested capital ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (excluding blocked deposits) and invested capital is calculated as net financial debt plus total equity. Consolidated net financial debt/invested capital ratio as of 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Total borrowings	608.823	623.748
Less: Cash and cash equivalents	(279.660)	(238.934)
Net financial debt	329.163	384.814
Equity	674.272	609.933
Invested capital	1.003.435	994.747
Net financial debt/invested capital ratio	**0,33**	**0,39**

NOTE 35 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of cash and cash equivalents and trade receivables are assumed to reflect their fair values due to their short-term nature. The estimated fair value of interest bearing placements of cash and cash equivalents of finance sector is calculated based on discounted cash flows using prevailing money market interest rates at the statement of financial position date with similar credit risk and remaining maturity.

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 35 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

The estimated fair value of receivables from finance sector operations represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates with similar currency and remaining maturity in order to determine their fair value.

The fair value of financial assets measured at amortised cost is determined based on market prices; or when market price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

Financial liabilities

Fair values of short-term trade payables and borrowings with floating interest rate are assumed to approximate their carrying values. The estimated fair value of issued debt securities and other long-term borrowings without quoted market price is based on discounted cash flows using market interest rates prevailing at the statement of financial position date with similar credit risk and remaining maturity.

The estimated fair value of demand deposits with no stated maturity classified under payables to finance sector operations, represents the amount repayable on demand. The fair value of overnight deposits refers to the book value. The estimated fair value of fixed-interest deposits is calculated based on discounted cash flows using market interest rates applied to similar loans and other debts. In case the maturities are short-term, the carried value is assumed to reflect the fair value.

Within the framework of the methods and assumptions explained above, the carrying values and estimated fair values of financial assets and liabilities as of 31 December 2023 and 2022 are presented in the table below:

	31 December 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and cash equivalents	289.405	288.677	249.825	249.456
Receivables from finance sector operations	959.999	943.106	1.034.264	1.042.122
Financial assets measured at amortised cost	317.358	307.827	277.550	323.293
Liabilities				
Borrowings	608.823	593.358	623.748	634.402
Payables to finance sector operations	1.136.089	1.129.271	1.173.908	1.175.047

Fair value estimation

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: *Quoted prices (unadjusted) in active markets for identical assets or liabilities:* The fair value of financial assets and financial liabilities are determined with reference to quoted market prices.

Level 2: *Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices):* The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other variables used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Level 3: *Inputs for the asset or liability that are not based on observable market data.*

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 35 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	37	474	4.628	5.139
- Time deposits	-	1.085	-	1.085
- Debt instruments	1.767	-	-	1.767
Financial assets measured at fair value through other comprehensive income				
- Equity securities	4.093	913	-	5.006
- Debt instruments	96.758	63	-	96.821
Derivative instruments	-	24.152	-	24.152
Total assets	**102.655**	**26.687**	**4.628**	**133.970**
Derivative instruments	-	13.594	-	13.594
Liabilities related to business combinations (Note 22)	-	-	3.865	3.865
Total liabilities	**-**	**13.594**	**3.865**	**17.459**

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	2.460	312	2.018	4.790
- Time deposits	-	4.075	-	4.075
- Debt instruments	983	-	-	983
Financial assets measured at fair value through other comprehensive income				
- Equity securities	1.517	982	-	2.499
- Debt instruments	125.882	3.128	-	129.010
Derivative instruments	-	37.471	-	37.471
Total assets	**130.842**	**45.968**	**2.018**	**178.828**
Derivative instruments	-	25.457	-	25.457
Liabilities related to business combinations (Note 22)	-	-	4.510	4.510
Total liabilities	**-**	**25.457**	**4.510**	**29.967**

NOTE 36 - EARNINGS PER SHARE

	2023	2022
Earnings per share:		
Profit for the period	117.733	129.576
Less: Profit attributable to non-controlling interests	45.503	56.914
Profit attributable to equity holders of the parent	72.230	72.662
Weighted average number of shares with nominal value of Kr 1 each (*)	253.500.758	253.500.758
Earnings per share (Kr)	**28,493**	**28,663**

(*) Calculated by adjusting the treasury shares (Note 23).

(Amounts on tables expressed in million of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 37 - SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the consolidated cash flow statements as of 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Changes in provisions:		
Provisions for warranty and assembly	1.714	1.412
Provisions for non-cash loans	1.370	964
Cost accruals for construction contracts	409	344
Provisions for lawsuits	(193)	569
Provisions for employee benefits	(1.074)	2.835
Other provisions	764	3.029
	2.990	**9.153**
Adjustments for impairment loss/ (reversal of impairment loss):		
Provisions for impairment on trade receivables from finance sector	29.334	33.709
Provisions for impairment on trade receivables	353	395
Provisions for impairment on inventories	(284)	994
	29.403	**35.098**
Net changes in the operating assets and liabilities:		
Finance:		
Receivables from finance sector operations	81.221	(374.415)
Balances with Central Bank of the Republic of Turkey - required reserves	13.737	(18.319)
Payables of finance sector operations	(37.819)	430.494
Other assets and liabilities, net	(37.263)	(11.683)
	19.876	**26.077**
Non-Finance:		
Inventories	22.345	(55.582)
Trade receivables	(19.930)	(45.650)
Trade payables	16.521	50.735
Other assets and liabilities, net	14.495	21.523
Other payables and receivables, net	(15.756)	(20.889)
	17.675	**(49.863)**
Currency translation differences	(4.893)	6.621
	32.658	**(17.165)**
Cash and cash equivalents:		
Cash and cash equivalents (Note 5)	289.405	249.825
Add: Balances with Central Bank of the Republic of Turkey - free deposits (Note 6)	157.861	118.290
Less: Blocked deposits (Note 5)	(9.744)	(10.891)
	437.522	**357.224**

NOTE 38 - EVENTS AFTER THE BALANCE SHEET DATE

i) In the context of the sale of shares of Tat Gıda, following the completion of all conditions precedent for the closing; the sale of shares corresponding to 49,04% of Tat Gıda's share capital, held by Parent Company Koç Holding, Koç Group companies including Arçelik and Aygaz, Koç Family Members and foundations associated with Koç Group, and the sale of 15 founder's redeemed share certificates to Memişoğlu Tarım Ürünleri Ticaret Limited Şirketi has been completed and the consideration for shares and redeemed share certificates have been received on 19 February 2024.

   Total consideration for the sale of 49,04% shares of Tat Gıda amounting to USD80,9 million will be subject to closing adjustment based on the level of net debt and net working capital on its audited financial statements as of the closing date.

ii) The UK Competition and Markets Authority has given full approval to the transaction between Arçelik, a Subsidiary of the Group, and Whirlpool Corporation for the establishment of a new company under the control of Arçelik for the European operations of Whirlpool Corporation and Arçelik; as well as to the acquisition of all shares of two subsidiaries of Whirlpool established in the United Arab Emirates and Morocco and operating in the Middle East and North Africa market by Beko BV. In this context, the closing procedures are expected to be finalised at the beginning of April.

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