

We've been adding value to the automotive industry since 1928.
A value-adding road companion for all stakeholders in the world of mobility.



Otokoç Otomotiv

Otokoç AVIS AVIS filo AVIS filo Budget*

MAESTRO

Otokoç Sigorta

zipcar.



otokocihale.com

Otokoç Parça

2022 Annual Report

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

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

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

Working in concert with our shareholder Koç Holding, we at Otokoç Otomotiv will continue to marshal every possible means available to us to support and facilitate recovery efforts and to create an even better and brighter future for our country.

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OUR FOUNDER

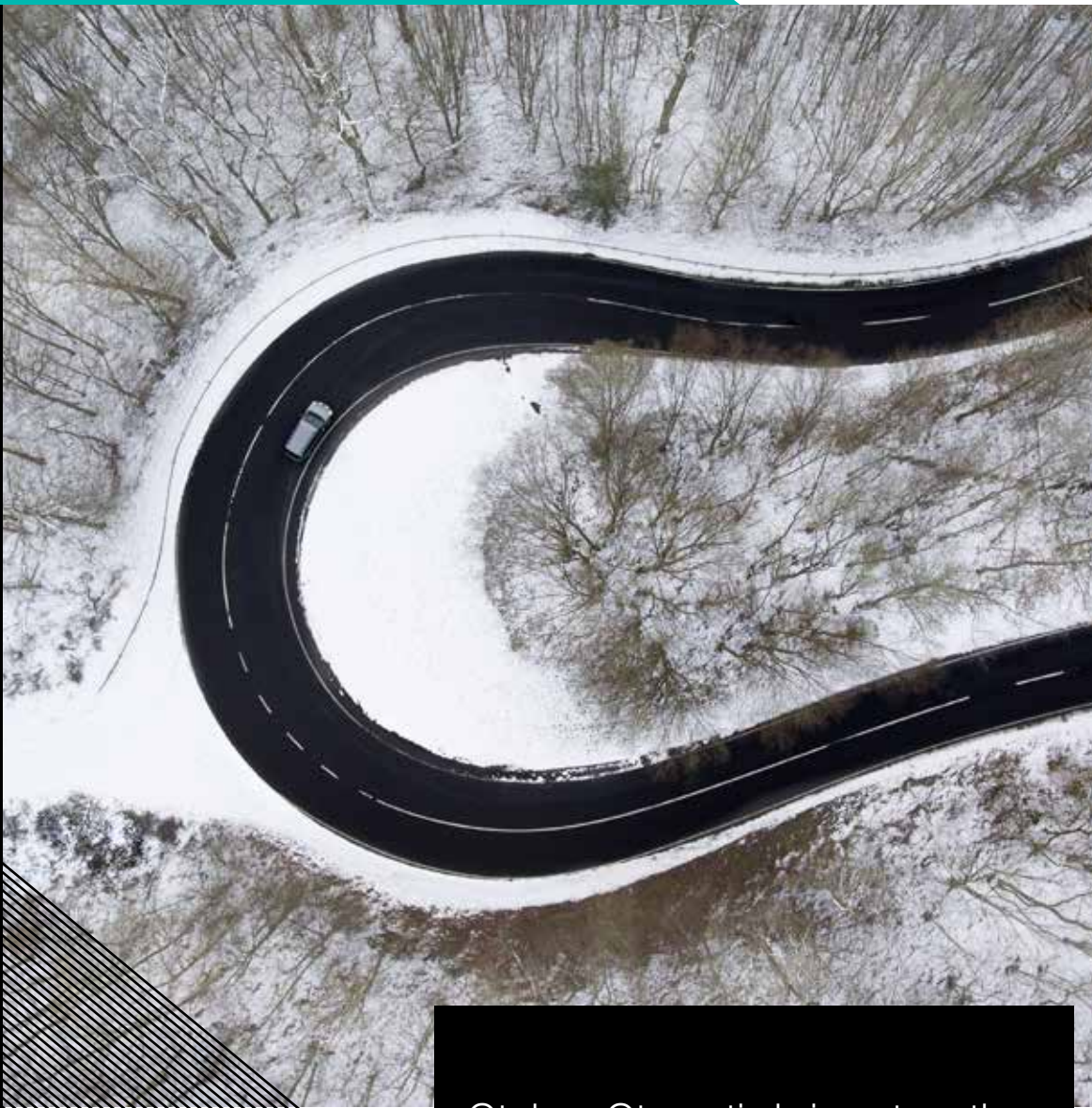


"I have always tried to do the right thing. I found peace with the belief that I served my family, my country, and the age I lived in."

AKOÇ

Vehbi Koç

THE BEST COMPANION EN ROUTE TO THE TARGET



Otokoç Otomotiv brings together all solutions for mobility under a single roof.

OTOKOÇ OTOMOTİV AT A GLANCE

About Us

Incorporated in 1928 as the Koç Group's first investment in the automotive industry and the initiator of the history of automotive, Otokoç Otomotiv is today Turkey's biggest automotive retail, car rental, and car sharing company offering service under the brands Otokoç, Avis, Avis Filo, Avis Caravan, Avis Filo Maestro, Budget, Otokoç Sigorta (insurance), Zipcar, Otokoç 2. El (2nd Hand), Otokoç Parça (Spares) and Lastick (tires).

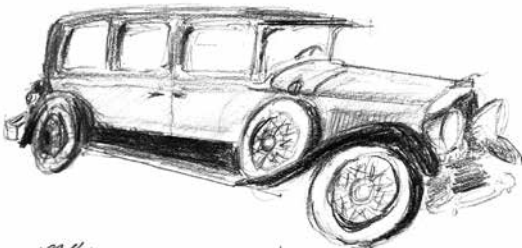
Within the framework of the restructuring announced in March 2022, Otokoç and Birmot, which operates within Turkey's leader in automotive dealership Otokoç Otomotiv joined forces under the name "Otokoç" considering the numerous advantages of uniting two separate service brands with the same goal under one name. After this restructuring, sales and after-sales services of all automotive brands, previously

under Otokoç and Birmot, namely Ford, Ford Trucks, Volvo, Fiat, Alfa Romeo, Jeep, and Maserati were placed under the Otokoç brand. With this restructuring, the Company provides new vehicle sales, service and spare parts services, wholesale spare parts sales, insurance and financing, accessory sales, 2nd hand sales, and vehicle protection systems, in summary, all automotive solutions, under one roof to its customers.

In car rental, Avis and Budget brands offer short-term rentals, Avis Fleet offers operational lease or fleet rental, Avis Filo Maestro offers end-to-end fleet management, and Zipcar brand offers rental-by-the-hour, e.g. car sharing service. Otokoç Otomotiv continues its operations with the vision of being a global and leading reference point in 9 countries, including Turkey, and 389 locations, developing mobility solutions.

Otokoç Otomotiv in the World

Active in Turkey, Greece, Hungary, Ukraine, Georgia, Azerbaijan, Kazakhstan, Northern Cyprus and Northern Iraq with its car rental operation, Otokoç Otomotiv keeps a close eye on investment opportunities.

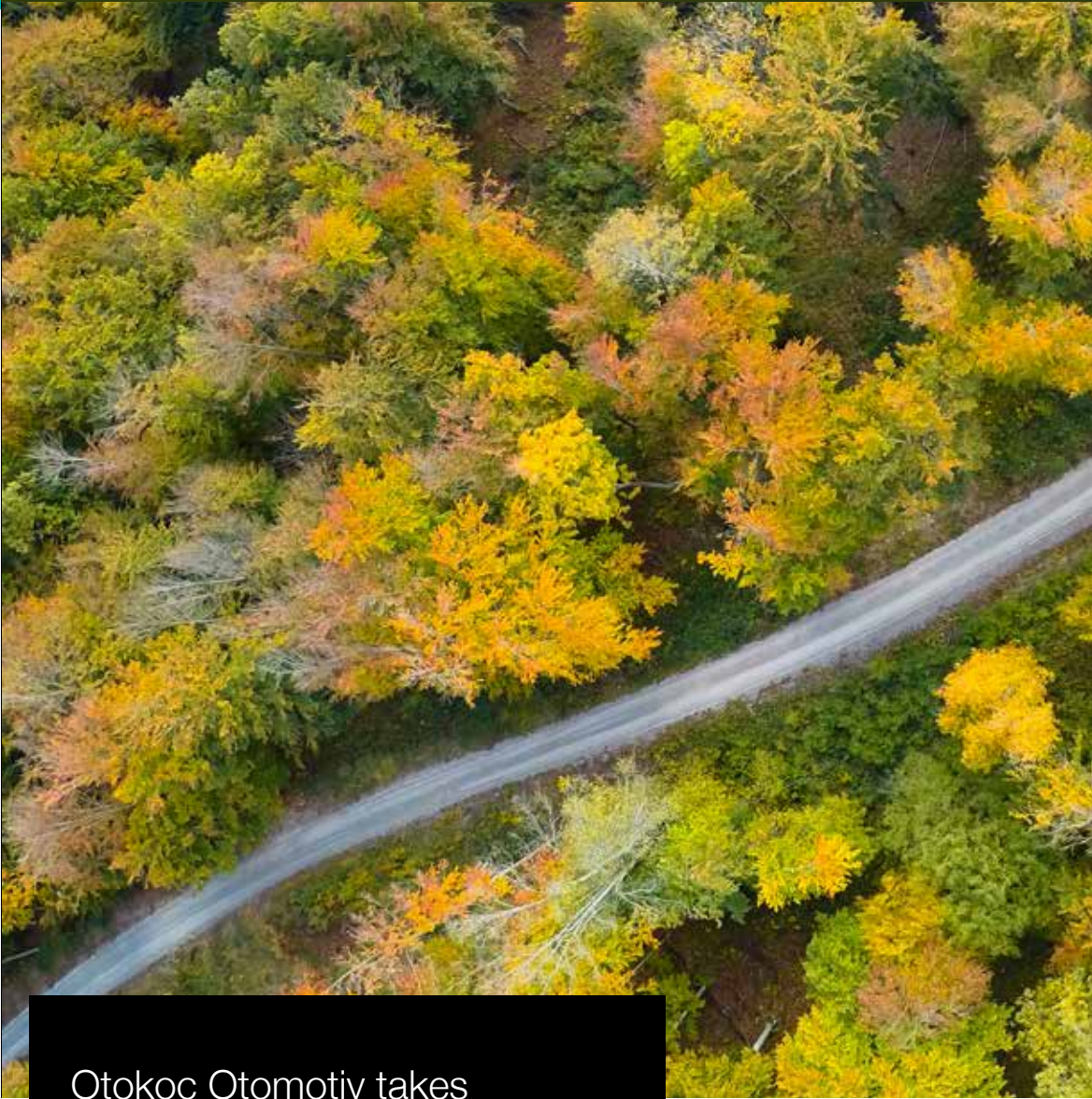


1928 LINCOLN MODEL L 168A SEDAN

Mehmet 13 Ağustos 2018

Developing innovative mobility solutions and acting with the vision of being a global and leading reference point, Otokoç Otomotiv, which provides retail, vehicle leasing, and vehicle sharing services in the automotive industry, is a company of Koç Holding.

ALWAYS AT THE TOP WHERE MOBILITY EVOLVES



Otokoç Otomotiv takes pioneering steps for the development of the sectors of which, it is a spokesperson.

Vision

Being a global and leading reference point for developing innovative mobility solutions.

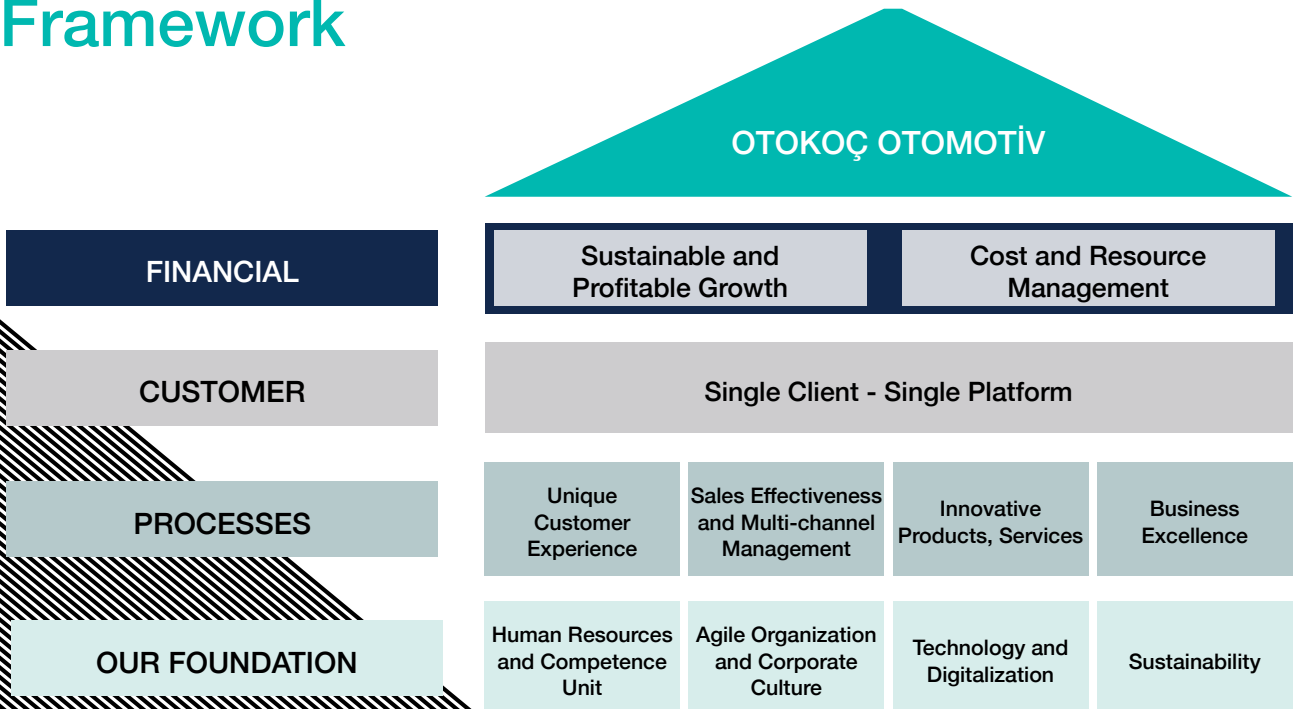
Mission

We are the road companion for all stakeholders creating value in the world of mobility.

Values

- Reliable
- Sincere
- Determined
- Innovative
- Cooperatively developing
- Sensitive to society and the environment
- Caring for diversity

Strategy Application Framework



RETAILING

Otokoç



Koç Holding's first investment in the automotive industry, Otokoç carries out the sales and after-sales operations of Ford, Ford Trucks, Volvo, Fiat, Alfa Romeo, Jeep and Maserati brands. The Company is the retail sector leader in the brands it sells with vehicle options that cater to all kinds of needs and customer segments. Having an extensive service network of 51 branches across Turkey, Otokoç is the leading brand with its initiatives giving the forefront to unconditional customer satisfaction.

The Company operates as a point of trust in 2nd Hand vehicles with innovative options such as car sales, same-day car delivery in cash purchases, professional surveyor services, a broad service network, contactless pick-up, and online purchasing.

Otokoç Sigorta

With 25 branches in nine cities in Turkey and 83 expert employees, it acts as a hub of pioneering and trusted companies in the sector, with a focus on motor TPL and motor own damage policies, health insurance, and home and workplace insurance.



Engaged in original and equivalent spare parts wholesaling and retailing, Otokoç Parça is the dealer of Ford, Fiat, Magneti Marelli, and Mako brands while supplying spares, batteries, tires, accessories and consumables under its own brand, Axam domestically and abroad. On retail sales, it provides supplies to chain markets and insurance companies alongside online and offline channels.

RENTAL

AVIS[®]

Budget[®]

AVIS[®] *filo*

The story of Avis is the story of car rental in Turkey. Its foundations were laid 48 years ago, and Avis had to overcome numerous obstacles before achieving its current position. Carrying the responsibility of being the pioneer and the first in the country, Avis continues to lead the journey with passion and confidence, offering service with 92 offices in 56 provinces across Turkey. Due to the high level of customer satisfaction, Avis' clients help the business maintain its leadership position. Achievements of Avis are crowned with awards garnered over the years.

Budget combines the power of one of the world's largest rent-a-car brands with in-depth local knowledge, flexibility, and the service that best fits needs. Budget offers service with 61 offices in 36 provinces across Turkey.

Payless CAR RENTAL

Services are rendered in Greece, Azerbaijan, Kazakhstan and Northern Iraq under the Payless brand.

Capturing the distinction of Avis in fleet rental service, Avis Filo is the leading vehicle leasing brand with its diversified services including professional portfolio management, a fast and far-reaching replacement vehicle supply process, and 24/7 full support. Avis Filo offers MyAvis application to its customers who need long-term vehicle leasing services which aim to provide a fast, easy, and personalized experience. The application includes a digital proposal and ordering process from start to finish. Through this vehicle configuration application which can be accessed at Myavis.com.tr link, Avis Filo customers can determine the criteria such as brand, model, type of fuel, and type of transmission, thus viewing the vehicles most suitable for themselves and receiving the most appropriate proposal for selected vehicles to lease. Avis Filo Maestro brand allows customers with self-owned vehicles to view fleet management end-to-end with a 360-degree perspective from driver behavior analysis to driver scoring, from driver-based coaching to oil and risk management, from fleet health to breach detection, and from sales to re-marketing.

SHARING

zipcar.

Zipcar, which operates with the mission of providing a simple and accountable city life, carries out its activities under Otokoç Otomotiv in Turkey. Functioning on a membership basis, Zipcar offers minutely, hourly, and daily rental service at 124 locations in İstanbul and Ankara.

MILESTONES



1928

Otokoç, Turkey's first automotive company, was originally incorporated as a Ford agency.

1938

Its field of activities also covering the passenger car business, **Koç Ticaret A.Ş.**, Turkey's first joint stock company, was incorporated.



1944

Bernar Nahum, one of the leading names that authored the history of the Turkish automotive industry, joined the **Koç Group**, and the foundations of **Motör Ticaret** were laid.



The Koç Group's first operation in the automotive industry, Otokoç Otomotiv, also embodies the history of the Turkish automotive sector. The establishment of the Koç Group's Automotive Group also dates back to Otokoç.



1951

As the dealer network continued to expand, the first dealers meeting in the Turkish private sector was organized in 1951.



1953

Egemak was established in İzmir.



1958

Rahmi M. Koç started working at Otokoç.



1960

Otokoç A.Ş. became the distributor of Otosan Mamuller.

MILESTONES



1966

The manufacturing of Anadolu started, which gave momentum to the Turkish automotive industry.



1974

Avis, Turkey's first car rental company, was established with a fleet of 9 cars.



1996

Ford and Fiat regional sales companies began offering service all over Turkey.



1997

The first overseas investment was established with Avis Azerbaijan.



2001

Marking the first collaboration, Ford regional sales companies merged under Otokoç, and Fiat regional sales companies under Birmot.





2005

Otokoç, Birmot, and Avis came together and formed the second collaboration.



2007

Budget, the second rent-a-car brand, joined the family.



2009

Otokoç included the Volvo brand in its portfolio.

2012

A decision was adopted to grow through investments abroad.



2012

Jeep brand was included in Birmot's portfolio.



MILESTONES



2013

Ford Trucks 4S facility structuring kicked off.



2014

Otokoç Otomotiv became Zipcar's first licensee holder in the world.



2017

Birmot began offering service for the Maserati brand.



2018

Otokoç Otomotiv, in partnership with Avis Budget Group, realized its investment in Greece.



2019

With the Avis Caravan brand, caravan leasing services started.



2020

Brand representation abroad is increased with Budget and Payless brands entering the Azerbaijan, Kazakhstan, and Northern Iraq markets.

İçimizdeki Gevik
Otokoç Otomotiv

2021

The agile transformation process started under the brand name "Agile Within Us".



2022

Birmot and Otokoç brands united and started serving under the roof of Otokoç.



2022

Avis Filo Maestro brand took its place under the roof of Otokoç Otomotiv.

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

| CASH POSITION (TL MILLION) | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Cash and Banks | 421 | 1,540 | 1,005 | 1,561 | 5,403 |
| Current Assets | 3,626 | 4,844 | 6,605 | 8,746 | 19,724 |
| Total Assets | 8,043 | 10,258 | 14,258 | 21,413 | 42,140 |
| Total Financial Liabilities | 4,531 | 6,318 | 7,008 | 10,679 | 19,110 |
| Financial Liabilities, net | 3,950 | 4,700 | 5,987 | 9,118 | 13,633 |
| Short-term Liabilities | 3,641 | 4,702 | 5,659 | 7,777 | 16,089 |
| Total Liabilities | 6,634 | 8,517 | 11,376 | 15,905 | 31,077 |

FINANCIAL RATIOS

| | | | | | |
|--|-----|-----|-----|-----|-----|
| Current Ratio | 1.0 | 1.0 | 1.2 | 1.1 | 1.2 |
| Financial Liabilities, net / EBITDA | 3.1 | 3.0 | 2.6 | 2.4 | 1.5 |
| Current Assets / Total Assets | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 |
| Short-term Liabilities / Total Liabilities | 0.5 | 0.6 | 0.5 | 0.5 | 0.5 |
| Total Liabilities / Total Assets | 0.8 | 0.8 | 0.8 | 0.7 | 0.7 |

MARGINS (%)

| | | | | | |
|-------------------------|----|----|----|----|----|
| Gross Profit Margin | 19 | 20 | 17 | 21 | 23 |
| EBITDA Margin | 17 | 18 | 16 | 20 | 21 |
| Operating Profit Margin | 12 | 12 | 11 | 14 | 16 |
| Pre-tax Profit Margin | 7 | 4 | 7 | 11 | 13 |
| Profit Before Tax | 6 | 3 | 6 | 9 | 11 |

KEY INDICATORS (TL MILLION)

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-------------|-------------|-------------|-------------|-------------|
| Sales Revenues | 7,546 | 8,663 | 14,260 | 19,262 | 42,556 |
| Gross Profit | 1,448 | 1,772 | 2,382 | 4,010 | 9,704 |
| Operating Profit | 876 | 1,028 | 1,565 | 2,698 | 6,796 |
| EBITDA | 1,268 | 1,577 | 2,275 | 3,843 | 9,007 |
| Pre-tax Profit | 506 | 360 | 1,016 | 2,025 | 5,524 |
| Net Profit | 423 | 277 | 817 | 1,693 | 4,633 |
| Net Profit -attributable to the parent company | 348 | 218 | 781 | 1,601 | 4,428 |

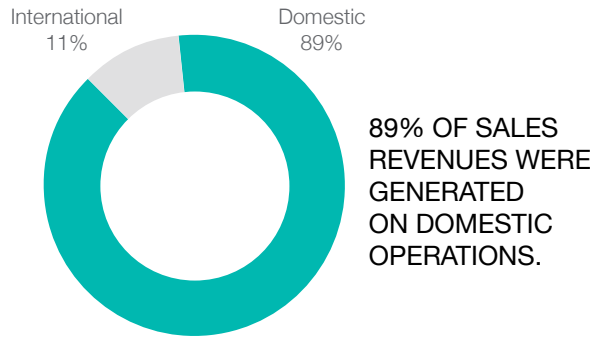
KEY INDICATORS (TL MILLION)

| | | | | | |
|----------------|-------|-------|--------|--------|--------|
| Sales Revenues | 7,546 | 8,663 | 14,260 | 19,262 | 42,556 |
| Domestic | 6,374 | 7,143 | 12,703 | 16,903 | 37,686 |
| International | 1,172 | 1,520 | 1,556 | 2,359 | 4,870 |
| Pre-tax Profit | 506 | 360 | 1,016 | 2,025 | 5,524 |
| Domestic | 159 | 161 | 886 | 1,716 | 4,856 |
| International | 346 | 199 | 130 | 309 | 668 |

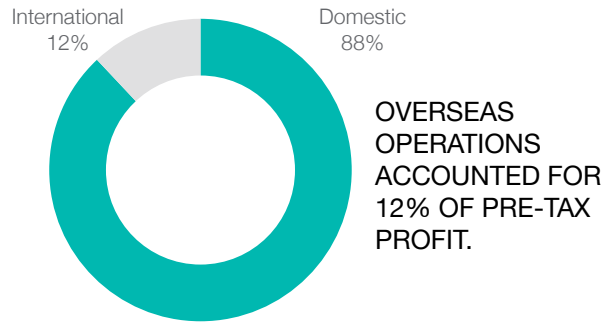
BREAKDOWN - DOMESTIC VS INTERNATIONAL (%)

| | | | | | |
|----------------|----|----|----|----|----|
| Sales Revenues | | | | | |
| Domestic | 84 | 82 | 89 | 88 | 89 |
| International | 16 | 18 | 11 | 12 | 11 |
| Pre-tax Profit | | | | | |
| Domestic | 32 | 45 | 87 | 85 | 88 |
| International | 68 | 55 | 13 | 15 | 12 |

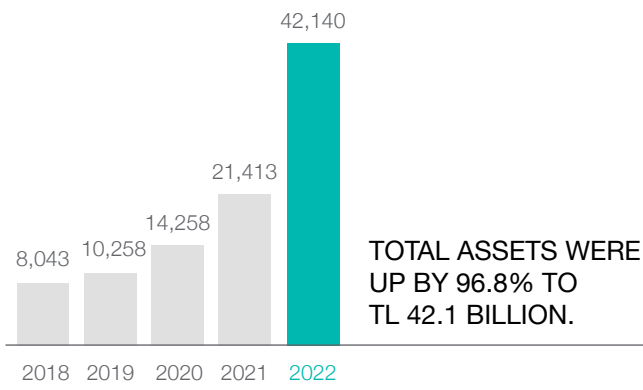
DISTRIBUTION OF SALES REVENUES (%)



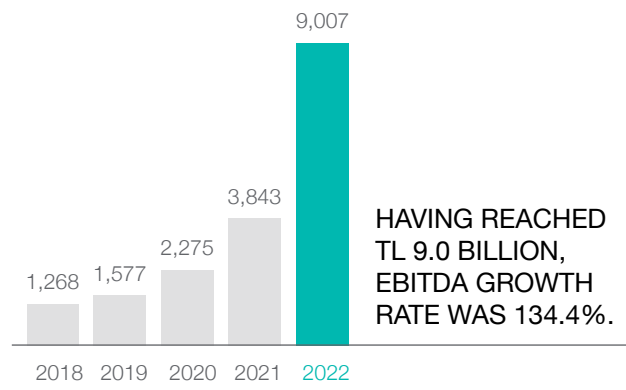
DISTRIBUTION OF PRE-TAX PROFIT (%)



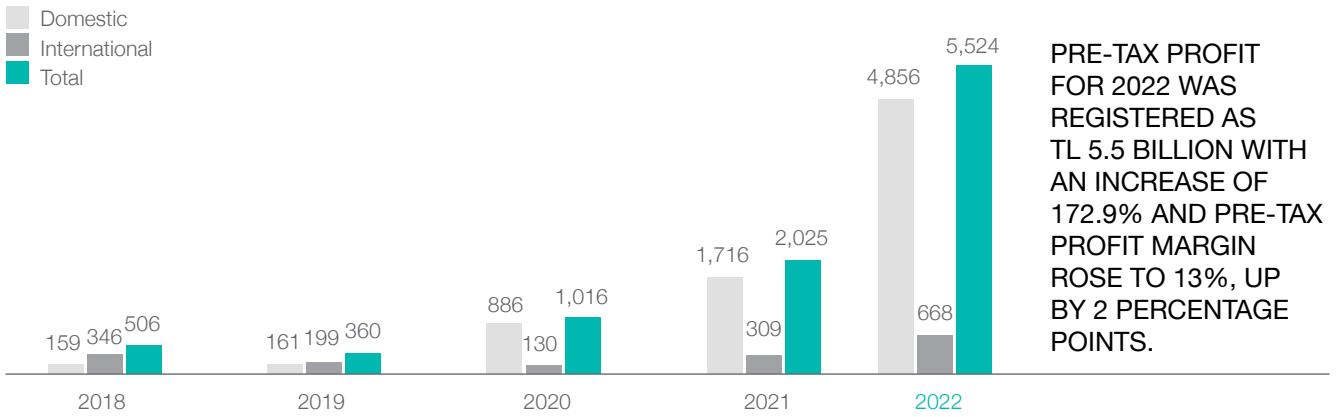
TOTAL ASSETS (TL MILLION)



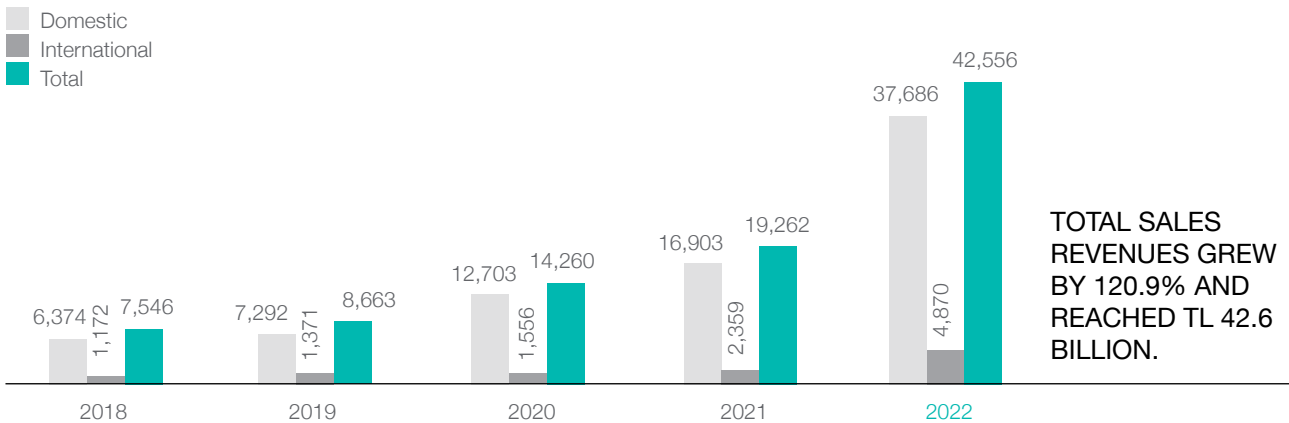
EBITDA (TL MILLION)



PRE-TAX PROFIT (TL MILLION)



SALES REVENUES (TL MILLION)



MESSAGE FROM THE CEO



AS THE LEADING MOBILITY COMPANY IN TURKEY, OTOKOÇ OTOMOTIV MAINTAINED ITS OPERATIONS WITH CONFIDENT STEPS IN ITS 2022 PLANS AT ALL POINTS WE OPERATE AT, THANKS TO OUR ABILITY TO BE PROACTIVE UNDER ALL CIRCUMSTANCES AND STRENGTH TO TAKE ACTION RAPIDLY.

We were more focused on topics such as “Strategic Planning”, “Sustainability and Environment”, “Innovation and Entrepreneurship”, “Human Resources” and “2nd Hand” which are our strong muscles. In this context, we moved on with a target of keeping our strong position in the global arena. We realized the decisions we took with devoted operations.

Esteemed Shareholders,

Distinguished Business Partners,

Dear Colleagues,

We are deeply saddened by the earthquake disaster of 6 February 2023 in the Southeast Region which affected 10 provinces. As Otokoç Otomotiv, we took action with our teams in the region to reach our employees, business partners, and their families who were affected by the disaster, and conducted our activities with sensibility from the first day of the earthquake. We focused on meeting the basic needs of the region such as shelter, heating, food, and transfer, collaborating with the related public organizations. We will continue to support the region based on their needs in the following period.

As a country, we are going through a challenging test. I have no doubt that we will heal our wounds if we manage to put our hearts and minds together as a society and act in unity.

We extend our condolences to the families and friends of those who lost their lives in this big disaster and hope for the quick recovery of those who were wounded.

When we look back at 2022, our country and our industries operated in a volatile environment due to the impacts of the pandemic carried from the previous year, chip crisis, problems in vehicle availability, and economic volatility. Moreover, political crises, terrorist attacks, and wars affected the agenda. Due to our Budget office in Ukraine, we followed the developments regarding the Russian-Ukrainian war with great sadness. Our only comfort was that we were able to provide support to our colleagues working there.

I would like to share a message sent to me by a dear colleague from Ukraine at one of the regular live meetings with my teammates; “As a Budget Ukraine employee, I owe it to my colleagues here to talk on behalf of them. We would like to thank you and all Otokoç Otomotiv Family for your actions and close communication primarily for the health of each of our colleagues quickly after the outbreak of the war with an agile approach. The importance of cooperation and family

increases during tough times. We saw that not only Otokoç Otomotiv but also the whole Koç Group was family for us during these tough times”.

As the leading mobility company in Turkey, Otokoç Otomotiv maintained its operations with confident steps in its 2022 plans at all points we operate at, thanks to our ability to be proactive under all circumstances and strength to take action rapidly. During this process, we were more focused on topics such as “Strategic Planning”, “Sustainability and Environment”, “Innovation and Entrepreneurship”, “Human Resources” and “2nd Hand” which are our strong muscles. In this context, we moved on with a target of keeping our strong position in the global arena. We realized the decisions we took with devoted operations.

I cannot say that 2022 was an easy year with all the changing conditions and habits. However, we tried to ease physical and moral challenges with social support projects for those individuals and communities which were affected by these challenges; we took that as our duty. We put great attention to internal communication and we met with our colleagues on special days through regular live broadcasts. We got together in face-to-face events after the decreased impacts of the pandemic. Despite all those challenging conditions, economic developments, the war agenda, and chip and vehicle supply problems, I would like you to know that we successfully completed 2022 with the right management, the right strategy, and team spirit.

In 2022, the share we took from automotive retail was 26% in Ford sales, 26% in Ford Trucks sales, 32.5% in Fiat sales, 38.9% in Alfa Romeo and Jeep sales, 30.2% in Volvo sales, and 51% in Maserati sales. We had 9% of the total market in vehicle sales. At the second-hand sales, we kept our leadership in corporate brands with a volume of 26,890 vehicles.

Vehicle leasing and car sharing became a rising trend. We achieved an 81% increase in income of the vehicle leasing business unit in Turkey and maintained our leadership. The number of locations for car sharing was 124. We continued to provide services in this area in Ankara and Istanbul.

MESSAGE FROM THE CEO

Agile Transformation

We conducted the Business Agility Institute survey this year which measures the level of agility that we also did at the start of this journey and we kept our 3 stars. Moreover, in 2022, we took corporate culture into consideration within the scope of Agile Transformation and we established our Cultural Manifest with the participation of all my colleagues.

We had many achievements in 2022 with new investment opportunities and rewarded projects regarding innovation, digital transformation, equal opportunity, sustainability, and mobility. We continued our activities to keep service quality and customer satisfaction at the highest level by implementing new practices which are compatible with the current period. In 2022, we managed the vehicle park of 106 thousand cars in 9 countries. As the largest licensee and the most significant investment partner of Avis Budget Group, outside Turkey, we managed the vehicle park of 56,387 cars in 8 countries, 61 locations, and 583 employees. In addition to being the market leader in vehicle leasing in Turkey, Azerbaijan, and Kazakhstan, we continued to be the sector leader in long-term vehicle leasing in Greece and Georgia and strengthened our international position. While the share of international revenues increased to 11%, foreign operations share in combined EBITDA was realized as 27%.

We Crown our Sectors with Achievements

The success and reputation of our organization were registered by rewards received from independent institutions in various categories. In 2022, we were at 36th place in the Most Valuable Brands list. Among numerous awards in marketing, there was an international award as well. Our Customer Quality Management System Project was rewarded in the Customer Complaints category of the European Customer Centricity Awards, which are the most significant awards in Europe in the area of customer experience.

We Covered a Significant Distance in the Agile Transformation Journey

As Otokoç Otomotiv, we moved forward with firm steps in agile transformation journey which started in 2021. Many business units started the Agile Transformation process and transformation continue for other units. We conducted the Business Agility Institute survey this year which measures the level of agility that we also did at the start of this journey and we kept our 3 stars. Moreover, in 2022, we took corporate culture into consideration within the scope of Agile Transformation, and we established our Cultural Manifest with the participation of all my colleagues.

Agile Transformation Journey in Numbers-2022

- 36 Teams
- 259 Employees
- 2,636 Training Hours
- 550 People Receiving Training
- 7 Different Employee Experience Process Designs
- Interaction with More than 700 employees
- 156 One-on-one Communication
- 110 Different Sessions
- 110 Hours of In-house Interaction

Open Innovation, In-house Entrepreneurship and Digitalization

Within the scope of the Innovation 2.0 vision, all in-house entrepreneurship and open innovation activities were gathered under one roof, and the "Inomotion" brand was established. The number of applications to Innovation Projects which started in 2015 reached 1,555 as of 2022 year-end. Out of these ideas, 46 of them were worked with lean entrepreneurship methodology and after presentations to senior management, 28 of them had the opportunity to transition to the pilot phase.

In this context, revenue from the innovation initiatives increased by 29.2% in comparison with the prior year and exceeded TL 57 million in the last 3 years.

In the digital transformation area, best practices were reviewed, a value-based prioritization process which is one of the foundations of Agile Project Management was developed and a Hybrid Project Office compatible with our Company's strategy and vision was established.

Projects implemented in 2022 were qualified for awards from 5 different technology organizations. During the same year, TL 90.2 million business value contribution was achieved through completed projects.

After our Avis Budget dealerships, we stepped into dealership structuring in Otokoç 2nd Hand. We have established long-term new partnerships.

Projects managed by the project office and completed in 2022 are presented below:

- Avis Filo Maestro
- Service 4.0
- Bata Warehouse Phase 1
- Avis Filo Website
- HR Chatbot
- License Plate Tracking System
- Inventory Optimization
- 2nd Hand Data Collection
- Otokoç Website
- Otokoç 2nd Hand Dealership System
- Safe Driving
- ZipTrip & ZipFlex
- Otokoç Synergy Platform

Highest Employee Loyalty Score in the History of Otokoç Otomotiv

We are a big family. We see and feel the impacts of this in every area. Our Company received Turkey's Best Work Place award given within the scope of the Kincentric Best Employers 2022 Program as a result of the Employee Loyalty and Experience Survey conducted to measure employee experience excellence. Employee Loyalty score increased by 6.6 units in 2022 to reach 82.8. Employee loyalty, which goes up at an increasing trend, reached its highest level in the history of Otokoç Otomotiv.

Different programs and processes were designed to develop leadership skills, which is an important subject that will carry us to the future and strengthen employee experience. Primary coaching trainings were implemented which are planned to include all employees who manage their teams. An Internal Coaching process was designed and implemented which included 22 coaches who took advanced coaching training and 65 employees.

Reverse Mentorship Program in which the senior management team participated and feedback received on corporate culture and leadership was implemented. There are 8 senior managers and 15 Management Trainee employees within this program.

Communication activities were carried out throughout the year to create brand recognition and expansion of the "Otokoç 1 World" employer brand in order to attract new talents suitable for Otokoç and to strengthen the employee experience. We attended 35 different career meetings at campus events and got together with students. Through employment programs focused on young talents such as Sales School, Part-time Sales Consultant, Upgrade Long-term Internship, ShineUp Summer Period Internship Programs and SpeedUp Manager Candidate Development Program, 115 young talents joined the Company.

We are Growing in 2nd Hand Through New Dealers

As the second-hand automotive sector became a growing important area in the world, as well as in our country, Otokoç 2nd Hand operates in line with its mission of bringing a corporate approach to this sector in which Otokoç is at the leading position. We expanded our dealership network as Otokoç 2nd Hand by leading and inspiring the sector with new business models. We believe that the growing trend of our dealer network which was established in line with our strategy of improving our supply channels and diversifying our sales channels will meet the needs that require a corporate approach and will define the service standards in this area.

In accordance with new progress to carry Otokoç Otomotiv to higher levels, Otokoç 2nd hand dealers were opened in Denizli, Mardin, Hatay and Malatya.

We opened our first second-hand dealer in Denizli. Investment processes for new dealers and our dealership structure to include all regions of Turkey will continue in the following years. In this framework, we are planning to increase Otokoç 2nd Hand sales channels to gradually reach 30 dealers by the end of 2026.

MESSAGE FROM THE CEO

Otokoç Metazone

With our principle of being a pioneer in innovations, we made our first metaverse investment as Otokoç Otomotiv. In this context, we launched “Otokoç Metazone” which is an accessible and sustainable experience center we purchased in an area in Decentraland.

Projects and Initiatives are Our Major Focus

It was a year when we focused on investment opportunities in Turkey and other countries. We became a founding member of WAT Mobilite to operate in the area of electric vehicle charging network management as a strategic step in the electrification transformation in the automotive industry. The initiative which is supported by Otokoç Otomotiv, Opet and Entek will continue to grow with joined forces of the mobility ecosystem. In this respect, we have a target of being a leader with our own locations and strong dealer and service infrastructure across Turkey. We will continue to grow the mobility ecosystem with our stakeholders.

We collaborated with ALBA Electrical Transportation Systems, a micro-mobility manufacturing domestic enterprise, in line with our vision. The project which started as a co-innovation project and include Electrical Bicycle and Scooter products will continue in the pilot period with short-term leasing and sales business models. I would like to state that this project will be shaped in the following period and take its place in long-term leasing and sharing business models.

This year has been a year when we experienced many first times. We made our first start-up investment in USA-based Bluedot, a technology start-up that integrates with the infrastructure of charging station companies without any effort and which provides access to its users and payment opportunity via mobile application.

With our “EcoMobility” initiative, we were approved for the EU Horizon Incentive Program. Within a three-year window, we were eligible to collect an incentive of Euro 200,000. Through interaction with all of our stakeholders (cars, e-bikes, scooters, etc.), including vehicle makers, suppliers, operators, and end users, we want to deliver door-to-door transportation services within the context of smart cities. As a Limited Partner, we also contributed to the Koç Holding Venture Capital Investment Fund.

Global Mobility Provider of Today and the Future

As Otokoç Otomotiv, operating in 9 countries, we aim to lead the sector with our growth plans, mobility, and new business models, to sustain our position of being the first brand that comes to mind in second hand and to be the market leader in all countries we operate in. We prepare ourselves for the

future by taking an active role in all transformations including the rise of autonomous and electrical vehicles, decrease in vehicle sales and increase in vehicle leasing and car sharing and after-sales services. With a customer-oriented perspective, we make our vehicle leasing processes faster. In accordance with our digitalization vision, we started numerous projects for data management to be a pioneer in data analytics. We implemented an ERP transformation project by building our architecture with new technological applications to provide scalable infrastructure.

A Fellowship that Creates Value for All Stakeholders

At the International Region Net Promoter Score measurement which Avis Budget Group conducted with an independent research company; Avis Turkey completed 2022 as the leader in the 1st League category while Avis Greece was at the 2nd place.

Otokoç Otomotiv establishes digital assistants for all the brands it serves and implements developments one by one. In addition to developing and improving the service experience given to customers, we also aim to provide sales capability. We work on increasing the efficiency of customer representatives at the Call Center and creating a difference in customer experiences by making response speed faster through bots.

Otokoç Metazone; First Metaverse Investment

With our principle of being a pioneer in innovations, we made our first metaverse investment as Otokoç Otomotiv. In this context, we launched “Otokoç Metazone” which is an accessible and sustainable experience center we purchased in an area in Decentraland. We started off to serve all consumers through the Otokoç Metazone area and we aimed to establish different areas which will be an example for numerous industries, which will develop experiences, which will provide contributions to brands and a creative economy. At Otokoç Metazone, each floor in our main building welcomes our visitors with a different theme and there are departments called World Zone, Showroom Zone, Co-Creation Zone, Metazone, Social Zone, Agile Zone, Art Zone, and Metapark. We were very happy to introduce in this area the new season jersey of the Fenerbahçe Football Team which we have sponsored for a long period of time.

As Otokoç Otomotiv, operating in 9 countries, we aim to lead the sector with our growth plans, mobility, and new business models, to sustain our position of being the first brand that comes to mind in second hand and to be the market leader in all countries we operate in.

Sustainability and Equal Opportunity

As Otokoç Otomotiv, we continue our activities in accordance with our sustainability approach. We conduct Sustainability Committee activities with the support of Energy Efficiency, Audit, and Risk Committee which were established in the same year. Through solar panels established in Otokoç Antalya branch, we anticipate producing 560 thousand kWh of electricity and preventing 280 tons of CO2 emissions. This will create a contribution equivalent to benefit from a forest of approximately 11,200 trees. We started to realize water savings thanks to the rainwater collection system built at Otokoç Bursa branch; the water collected will be used in car wash.

Scope 1 and Scope 2 greenhouse gas emissions were calculated for the 2017-2020 period within the scope of ISO 14064-1 Greenhouse Gas Emission Reporting Standard and it was verified by an independent accredited institution. In addition to ISO 14001 Environmental Management System, ISO 9001 Quality Management System, and ISO 10002 Customer Satisfaction Management System certificates, we successfully completed ISO 45001 Occupational Health and Safety certification process.

We carry on our “We Speak the Same Language” project through which we contribute to hearing-impaired individuals with the video call center in collaboration with İEEF.

Within the scope of social gender equality; which is one of our major focus points, we draw attention to Glass Ceilings, which are defined as all types of invisible barriers in front of women to prevent them to reach their potential. In this respect, we started Glass Ceiling is Only Good in a Car project on 8 March International Women’s Day with the goal of an equalitarian and inclusive world. During the year, we continued to conduct activities with collaborations with institutions with high impact areas, collaborations with influencers who are sensitive in inequality matters, press and advertising communications to reach more people in public, and participation in important organizations and summits which address the topic of inequality. The project was supported by individuals from the sports communities and non-profit organizations and our activities had great influence in wide media. Moreover, we received strength scores in ISO audits thanks to this project.

Efficiency Activities

We continued our activities for efficient and effective use of budgets with Zero-based Budgeting (ZBB) which we started to apply in the prior year. After Turkey, we also started the Zero-based Budgeting process in Greece. We achieved an efficiency of TL 288 million in the 236 initiatives we reviewed under the methodology.

We conducted 19 projects in 2022 in business excellence and Lean 6 Sigma methodologies within the scope of continuous improvement operations. Furthermore, business excellence projects monitored within the framework of ZBB had a contribution of TL 13.2 million. Trainings were delivered to 427 colleagues within the scope of lean tools, problem-solving techniques, 5S, Yellow and Green Belt Lean 6 Sigma.

Otokoç Otomotiv’s subsidiary Olympic’s providing green financing of EUR 220 million, EUR 90 million being realized in 2022, was the largest non-banking securitization transaction in Greece until today and it was recorded as a very significant development.

Starting our 95th year as Otokoç Otomotiv, we are also very excited to celebrate the 100th year of our Republic. We will continue to support our customers in order to achieve top customer satisfaction results and improve our sector with innovative applications, reflecting trends and global changes to our business in accordance with our mission of sustainable business growth.

I would like to express my gratitude to all my colleagues and esteemed stakeholders who made it possible for us to walk forward and succeed through their contributions.

Sincerely and respectfully,



İnan Ekici
CEO

BOARD OF DIRECTORS



İsmail Cenk Çimen
Chair



Levent Çakıroğlu
Member



Haydar Yenigün
Member



Özgür Burak Akkol
Member



İnan Ekici
Member (CEO)

SENIOR MANAGEMENT



İnan Ekici
Member (CEO)



Dr. Mehmet Önder Kutman
CFO



Uğur Güven
COO (Car Retailing)



D. Eren Gündüz
COO (Car Rental)



Dr. Andreas Taprantzis
CEO
Greece Country Director



Mert Atılğan
Director
Birmot Car Retailing
(Fiat, Alfa, Jeep and Maserati Brands)



Tanıl Akçaoğlu
Director
Otokoç Car Retailing
(Ford, Ford Trucks and Volvo Brands)



Dr. Erdal Kemikli
Director
Technology and Strategy



Birkan Çalışkan
Director
2nd Hand and Fleet Operations

AWARDS



Otokoç Otomotiv

- IDC Turkey CIO Summit 2022 - Change Management and Future of Business for Accident Control of Vehicles with Small Accidents via Artificial Intelligence - Unlimited Organization
- Brand Finance, 36th place at Turkey's Most Valuable and Strongest 100 Brands
- Most Effective 50 CMOs - Esra Arslanbaş Kaynak - DataExpert/BMI
- Business Life Awards - İnan Ekici - Most Effective 50 CEOs
- New Generation Leaders C Level Club - Adventurous Innovators Category - Esra Arslanbaş Kaynak
- Business Life Awards - Dr. M. Önder Kutman - Most Effective 50 CFOs
- Business Life Awards - Esra Arslanbaş Kaynak - Most Effective 50 CMOs
- Business Life Awards - İrem Çalık - Most Effective 50 CHROs
- IDC Turkey CIO Summit 2022- Free-Floating and Roundtrip Platform- Future of Business - Unlimited Organization
- Fast Company - Esra Arslanbaş Kaynak - Most Successful 50 Digital CMOs
- CIO Awards - Dr. Erdal Kemikli
- European Customer Centricity 2022 - Otokoç Otomotiv - Customer Complaints
- The Hammers Awards 2022 - Best PR Team
- The Hammers Awards 2022 - Best Video Marketing Team
- The Hammers Awards 2022 - Best Metaverse Team
- The Hammers Awards 2022 - Best Mobile Marketing Team
- The Hammers Awards 2022 - Best Marketing Team in Vehicle Sector
- The Hammers Awards 2022 - Criteo Best Online Media Purchasing Team
- Kincentric Turkey Best Employers 2022- Turkey's Best Work Place Award

- Best of Sales Awards 2022- Best Companies to Work For - Service Category 1st Place
- Best of Sales Awards 2022- Best Companies to Work For - All Categories, First 10
- İstanbul Marketing Awards 2022 - Otokoç Otomotiv Annual Report
- İstanbul Marketing Awards 2022 - Thinking of the Road Project
- İstanbul Marketing Awards 2022 - Thinking of the Road Project YouTube Agency
- Golden Leaders Award 2022 - İnan Ekici - Most Admired 50 CEOs
- Golden Leaders Award - Esra Arslanbaş Kaynak - Most Admired 50 CMOs
- Efficiency Project Competition 2022 - Award for Powerplant Efficiency Project

Avis

- E-Commerce Awards (Marketing Turkey) - Avis Website - Rising Vehicle Leasing Site of the Year
- Tech Brands Turkey - Most Technological Vehicle Leasing Brand - Vehicle Leasing Category
- Marketing Turkey 2022 - Avis - E-Commerce Brand of the Year





Avis Filo

- Future of Cloud Summit 2022 - Avis Filo Connect Safe Driving System - Software Category
- International Data Corporation Digital Transformation Summit Awards 2022- Avis Filo Web and Mobile Experience Platform Project - Best Customer Experience of the Future
- International Data Corporation Digital Transformation Summit Awards 2022- Avis Filo Web and Mobile Experience Platform Project - Digital Resilience Special Award
- IDC Turkey CIO Summit 2022 - Avis Filo Web and Mobile Experience Platform - Future of Work - Metrics and KPIs

Avis Caravan

- IDC Turkey CIO Summit 2022 - Avis Caravan - Future of Work - Reskilling
- Outdoor Awards 2022 - Avis Caravan
- International Data Corporation Digital Transformation Summit Awards 2022- Avis Caravan- Future Enterprise of the Year

Zipcar

- Corporate Entrepreneurship Awards 2022 - Zipcar Ridesharing - 1st Place in Most Effective Company & Start-up Collaboration Category
- Enterprise of the Year Award - Halıç'ın Enleri 2022

Otokoç Parça

- IDC Turkey CIO Summit 2022 - Spare Parts Inventory Optimization with Advanced Analytical Modeling Future of Work - Working Facilities

Otokoç

- Ford Otosan Service Excellence Award 2022- Otokoç Tarsus - Service Category
- IDC Turkey CIO Summit 2022 - Otokoç Web Customer Platform- Future of Work - Reskilling
- Ford Otosan - Sales and Service Quality Performance Award - İzmir Otokoç
- Ford Otosan - After-sales Service Excellence Award - Otokoç Adana and Otokoç Tarsus

Avis Greece

Excellence in Sales Awards - 2022

- Gold and Platinum Awards in “Commercial Marketing (BTL) & Social Media and Sales Support Systems” Category with Avis Easy Leasing Campaign
- Award for Avis Easy Leasing Platform in “Successful Promotion of Innovative Product” Category

HR Awards 2022

- Award in “Performance Management Strategy / Initiative” Category with “OKR Performance System” Project

Ermis Awards 2022 - Advertising

- Avis Rac Campaign Award in “Digital Led Integrated Campaigns” Category
- Avis Rac Campaign Award in “Social Content Marketing” Category
- Avis Rac Campaign Award in “Digital Campaigns” Category

Booking.com Awards 2022

- Offices at Thessaloniki, Corfu and Athens Airports - Traveler Comment Awards
- Thessaloniki Airport Office - Favorite of Customers Award

Icap True Leaders 2022

- Award for High Revenue, Profitability, and Credit Note at Operational Site



THE TURKISH AUTOMOTIVE MARKET AND OTOKOÇ OTOMOTİV

In 2022, Otokoç Otomotiv got 9% market share.

Market Composition

In 2022, total sales in the domestic automotive market grew by 7.2% and were registered as 822 thousand units.

AUTOMOTIVE DOMESTIC MARKET SALES IN 2022

| (thousand units) | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|------------|------------|------------|------------|------------|
| Passenger Cars | 486 | 387 | 610 | 562 | 593 |
| Light Commercial Vehicles | 66 | 49 | 96 | 110 | 117 |
| Medium Commercial Vehicles | 68 | 43 | 66 | 66 | 73 |
| Heavy-Duty Commercial Vehicles | 14 | 9 | 19 | 29 | 38 |
| Total Industry | 634 | 488 | 791 | 766 | 822 |

7.2%

VEHICLE SALES IN THE INDUSTRY INCREASED BY 7.2% IN TERMS OF UNITS IN 2022.

+33.1%

HEAVY-DUTY COMMERCIAL VEHICLES SUSTAINED THE HIGHEST GROWTH WITH 33.1% ON THE BASIS OF SEGMENTS.

+5.5%

PASSENGER CAR SALES INCREASED BY 5.5%.

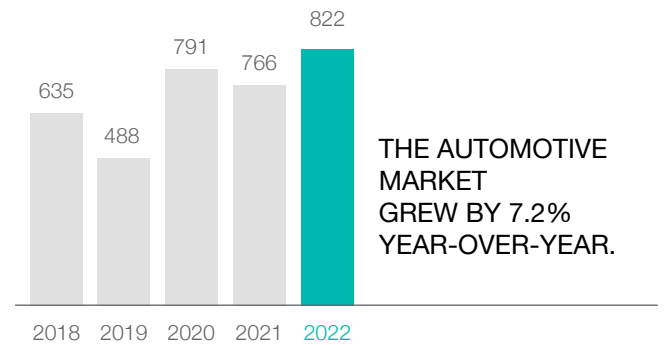


Based on vehicle segments, the market grew by 5.5% compared to the prior year in passenger cars, 6.8% in light commercial vehicles, 11.7% in medium commercial vehicles, and 33.1% in heavy commercial vehicles.

| (thousand units) | 2020 | 2021 | 2020-2021 (% change) | 2021 | 2022 | 2021-2022 (% change) |
|--------------------------------|------------|------------|-------------------------|------------|------------|-------------------------|
| Passenger Cars | 610 | 562 | -7.9 | 562 | 593 | 5.5 |
| Light Commercial Vehicles | 96 | 110 | 14.2 | 110 | 117 | 6.8 |
| Medium Commercial Vehicles | 66 | 66 | -1.3 | 66 | 73 | 11.7 |
| Heavy-Duty Commercial Vehicles | 19 | 29 | 55.0 | 29 | 38 | 33.1 |
| Total Industry | 791 | 766 | -3.2 | 766 | 822 | 7.2 |



TOTAL INDUSTRY (THOUSAND UNITS)



THE TURKISH AUTOMOTIVE MARKET AND OTOKOÇ OTOMOTİV

Otokoç FIAT & ARJM was responsible for 32.4% of Tofaş sales in the passenger car market and got a 5.5% share in the Turkish passenger car market in 2022.

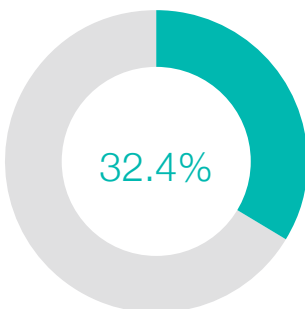
The Company was responsible for 32.4% of Tofaş sales in the passenger car market and got a 5.5% share in the Turkish passenger car market in 2022. Realizing 33.6% and 30.4% of Tofaş sales in the light and medium commercial vehicles markets, respectively, the Company got 13% and 1.5% share from the overall market in these two segments. With a total of 49,076 units, the Company had a 37.7% share out of Tofaş sales.

OTOKOÇ AND TOFAŞ SALES

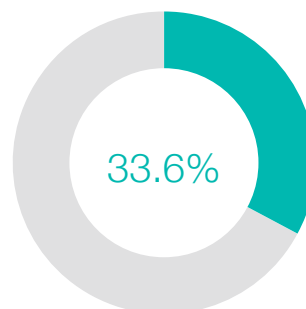
| (thousand units) | 2021 | | | 2022 | | |
|----------------------------|--------------|--------------|-----------------|--------------|--------------|-----------------|
| | Otokoç Sales | Tofaş Sales | Penetration (%) | Otokoç Sales | Tofaş Sales | Penetration (%) |
| Passenger Cars | 23.5 | 76.5 | 30.7 | 32.7 | 100.9 | 32.4 |
| Light Commercial Vehicles | 14.6 | 44.6 | 32.7 | 15.2 | 45.4 | 33.6 |
| Medium Commercial Vehicles | 1.0 | 3.6 | 28.2 | 1.1 | 3.7 | 30.4 |
| Total | 39.0 | 124.7 | 31.3 | 49.1 | 150.0 | 32.7 |

PENETRATION RATE IN TOFAŞ PASSENGER CAR SALES (%)

PENETRATION RATE IN TOFAŞ LIGHT COMMERCIAL VEHICLES (%)



IN 2022, OTOKOÇ SOLD 32.7 THOUSAND TOFAŞ PASSENGER CARS.



IN 2022, OTOKOÇ SOLD 15.2 THOUSAND TOFAŞ LIGHT COMMERCIAL VEHICLES.



5.5%

OTOKOÇ FIAT & ARJM GOT A 5.5% SHARE IN THE PASSENGER CAR MARKET.

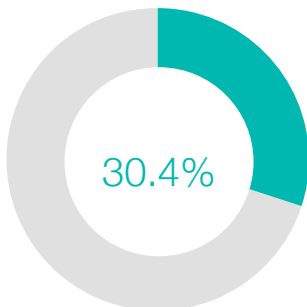
13.0%

OTOKOÇ FIAT & ARJM'S SHARE IN THE LIGHT COMMERCIAL VEHICLE MARKET IN 2022 WAS 13.0%.

1.5%

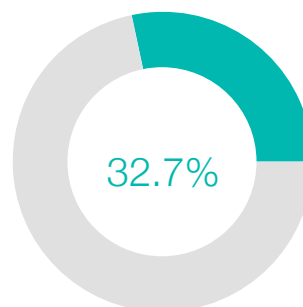
OTOKOÇ FIAT & ARJM'S MARKET SHARE IN MEDIUM COMMERCIAL VEHICLES WAS 1.5%.

PENETRATION RATE IN TOFAŞ MEDIUM COMMERCIAL VEHICLE SALES (%)



IN 2022, OTOKOÇ SOLD 1.1 THOUSAND TOFAŞ MEDIUM COMMERCIAL VEHICLES.

PENETRATION RATE IN OVERALL TOFAŞ SALES (%)



IN 2022, OTOKOÇ SOLD 39.0 THOUSAND TOFAŞ VEHICLES IN TOTAL.

THE TURKISH AUTOMOTIVE MARKET AND OTOKOÇ OTOMOTİV

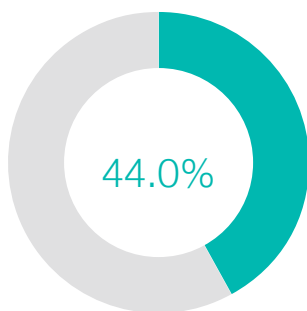
Otokoç was responsible for 44% of Ford sales in the passenger cars market and got a 0.8% share in this segment in 2022.

Otokoç was responsible for 44% of Ford sales in the passenger cars market and got a 0.8% share in this segment in 2022. Realizing 21.8% of Ford sales in the light commercial vehicles market, the Company got a 6.9% share of the total market in this segment. With a 24.4% share of Ford sales in the medium commercial vehicles market, the Company got 10.7% of the total market in this segment. In the heavy-duty commercial vehicles market, the Company realized 26% of Ford sales and got a 6.3% share of the total market in this segment. With 22,489 units in total, the Company's share in Ford sales was 26%.

OTOKOÇ AND FORD SALES

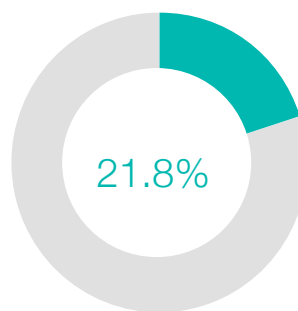
| (thousand units) | 2021 | | | 2022 | | |
|--------------------------------|--------------|-------------|-----------------|--------------|-------------|-----------------|
| | Otokoç Sales | Ford Sales | Penetration (%) | Otokoç Sales | Ford Sales | Penetration (%) |
| Passenger Cars | 6.0 | 14.1 | 42.8 | 5.0 | 11.3 | 44.0 |
| Light Commercial Vehicles | 5.4 | 27.1 | 20.0 | 8.1 | 37.0 | 21.8 |
| Medium Commercial Vehicles | 7.0 | 26.2 | 26.9 | 7.1 | 29.1 | 24.4 |
| Heavy-Duty Commercial Vehicles | 1.8 | 7.0 | 25.9 | 2.3 | 9.0 | 26.0 |
| Total | 20.3 | 74.3 | 27.3 | 22.5 | 86.4 | 26.0 |

PENETRATION RATE IN FORD PASSENGER CAR SALES (%)



IN 2022, OTOKOÇ SOLD 5.0 THOUSAND FORD PASSENGER CARS.

PENETRATION RATE IN FORD LIGHT COMMERCIAL VEHICLES (%)



IN 2022, OTOKOÇ SOLD 8.1 THOUSAND FORD LIGHT COMMERCIAL VEHICLES.



0.8%

OTOKOÇ GOT 0.8% SHARE IN THE PASSENGER CARS MARKET.

6.9%

THE COMPANY GOT A 6.9% SHARE OF THE LIGHT COMMERCIAL VEHICLES MARKET IN 2022.

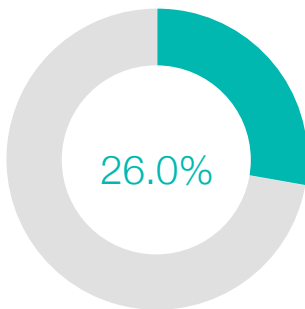
9.7%

SHARE IN THE MEDIUM COMMERCIAL VEHICLES MARKET WAS REGISTERED AS 9.7%.

6.1%

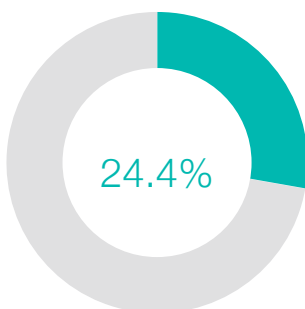
THE SHARE IN THE HEAVY-DUTY COMMERCIAL VEHICLES MARKET WAS 6.1%.

PENETRATION RATE IN TOTAL FORD SALES (%)



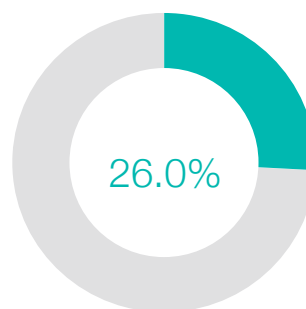
IN 2022, OTOKOÇ SOLD 22.5 THOUSAND FORD VEHICLES IN TOTAL.

PENETRATION RATE IN FORD MEDIUM COMMERCIAL VEHICLES SALES (%)



IN 2022, OTOKOÇ SOLD 7.1 THOUSAND FORD MEDIUM COMMERCIAL VEHICLES.

PENETRATION RATE IN FORD HEAVY-DUTY COMMERCIAL VEHICLES SALES (%)



IN 2022, OTOKOÇ SOLD 2.3 THOUSAND FORD HEAVY-DUTY COMMERCIAL SALES.

THE TURKISH AUTOMOTIVE MARKET AND OTOKOÇ OTOMOTİV

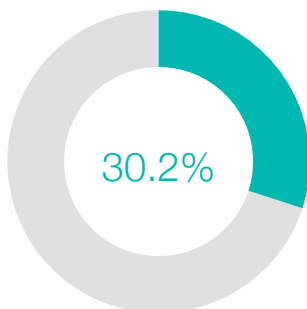


VOLVO SALES

| (units) | 2021 | | | 2022 | | |
|----------------|--------------|-------------|-----------------|--------------|-------------|-----------------|
| | Otokoç Sales | Volvo Sales | Penetration (%) | Otokoç Sales | Volvo Sales | Penetration (%) |
| Passenger Cars | 2,495 | 8,000 | 31.2 | 2,488 | 8,228 | 30.2 |

The Company sold 2,488 cars and reached a penetration rate of 30.2% in Volvo passenger car sales in 2022.

PENETRATION RATE IN VOLVO PASSENGER CARS SALES (%)



IN 2022, OTOKOÇ SOLD 8.1 THOUSAND VOLVO PASSENGER CARS.

RENTAL CAR PARK

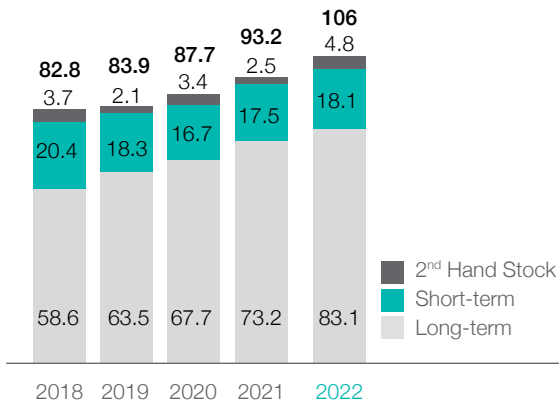
There were 106 thousand vehicles in the Company's total car park at year-end 2022.

The car park for Otokoç's rental operations is shown in the table below as of year-end.

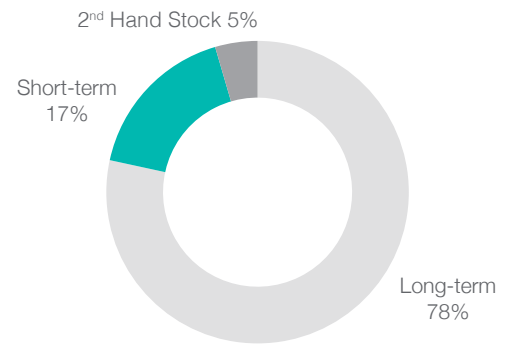
CAR PARK

| (thousand units) | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------|-------------|-------------|-------------|-------------|------------|
| Long-term | 58.6 | 63.5 | 67.7 | 73.2 | 83.1 |
| Short-term | 20.4 | 18.3 | 16.7 | 17.5 | 18.1 |
| 2 nd Hand Stock | 3.7 | 2.1 | 3.4 | 2.5 | 4.8 |
| Total Car Park | 82.8 | 83.9 | 87.7 | 93.2 | 106 |

CAR PARK (THOUSAND UNITS)



BREAKDOWN OF CAR PARK (%)



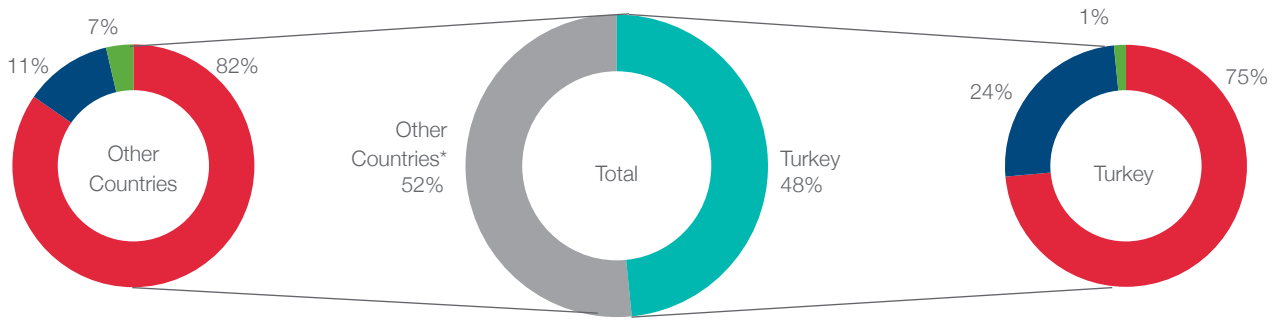
News from Greece

In the employee loyalty survey, a score of 85.4 was achieved with 94% participation. With MyAvis Easy Leasing, long-term leasing, and second-hand sales processes were digitalized, and a mobile application was launched for after-sales services. A credit of EUR 750 million was obtained from EU Recovery and Resilience Fund for green transition investment with a 12-year maturity and favorable interest. Switch, a subscription-based vehicle leasing model, was exported to five Avis Budget Group countries. With the largest non-banking securitization transaction in Greece until today, Otokoç Otomotiv's subsidiary Olympic obtained green financing at an amount of EUR 220 million, of which EUR 90 million was received in 2022.



THE TURKISH AUTOMOTIVE MARKET AND OTOKOÇ OTOMOTİV

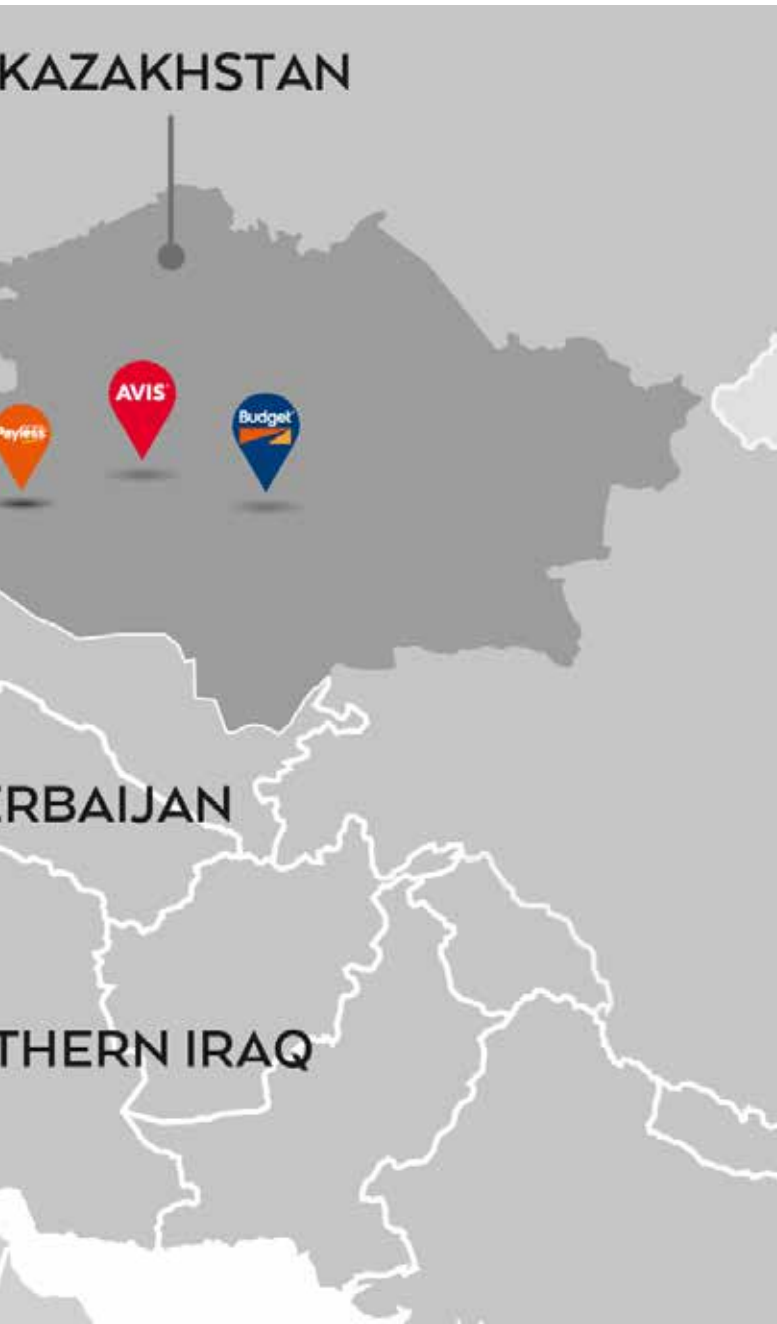
BREAKDOWN OF CAR PARK (%)



*Greece, Kazakhstan, Hungary, Azerbaijan

■ Long-term ■ Short-term ■ 2nd Hand Stock





ACTIVE IN TURKEY, GREECE, KAZAKHSTAN, AZERBAIJAN, NORTHERN IRAQ, HUNGARY, GEORGIA, NORTHERN CYPRUS AND UKRAINE, THE COMPANY PURSUES OPERATIONS AT 389 LOCATIONS, 61 OF WHICH ARE ABROAD, IN 9 COUNTRIES IN TOTAL.

OTOKOÇ 2ND HAND

Otokoç 2nd Hand will continue to grow with its dealership structuring.

With innovative options such as vehicle sales, same-day vehicle purchasing with cash, professional expert services, a wide service network, contactless delivery, and online purchasing, Otokoç 2nd Hand, which operates as a point of trust in second-hand area, continues to diversify its sales channels and to establish a dealership network in line with its strategy of responding to the needs of the ever-growing second-hand automotive market and developing its supply channels. The first dealer opening of Otokoç 2nd Hand, which is at the leading position in second-hand sales in Turkey, was in Denizli in April. The opening ceremony was held with the participation of Koç Holding, Otokoç Otomotiv, Turkuaz Otomotiv managers, Denizli public administration, and invitees. Denizli dealer, which was the first stop of this new period of Otokoç 2nd Hand, was an inspiring and encouraging example for dealer candidates.

During the year, Denizli, Mardin, Hatay, and Malatya dealers opened. With the high volume of sales achieved in the

second-hand market, Otokoç 2nd Hand brought together numerous second-hand vehicles with their owners. The Company will continue to carry further the sales volume and its value-adding service quality for its customers with dealers carefully selected.

In order to meet the management and delivery needs of the ever-growing Otokoç Otomotiv 2nd Hand and Fleet Operations structure became a directorship and Birkan Çalışkan, the Group Manager of 2nd Hand and Fleet Operations, was appointed as 2nd Hand and Fleet Operations Director.

Otokoç 2nd Hand plans to open 30 dealers gradually until the end of 2026. Otokoç 2nd Hand, building its business model on providing fast, reliable and technological solutions, realized 26,890 sales in 2022 in Turkey and continues its investments to maintain its leadership position in the corporate second-hand market with a growth target.

OTOKOÇ 2ND HAND SALES

| (Pieces) | 2022 | | |
|---|----------------------------------|-----------------------------------|--|
| | 2 nd Hand Total Sales | Otokoç 2 nd Hand Sales | Otokoç 2 nd Hand Market Share (%) |
| Passenger and Light Commercial Vehicles | 8,142,506 | 26,890 | 0.3 |

**Market data source: EBS Analiz Otomotiv Yönetim Danışmanlığı San. ve Tic. A.Ş.



AGILE TRANSFORMATION

In 2022, Otokoç Otomotiv took up corporate culture within the scope of Agile transformation and presented the Cultural Manifest to all its employees.



What happened in our Agile Transformation Journey in 2022?

Agile Pilots

The following processes were realized:

- At the 2nd Hand business unit, showroom experience at Otokoç İstinye with the Klan of Athena Team
- At the Leasing business unit, the replacement process with Recar Team
- At the Retail business unit, pilot branch experience with Otokoç Taşdelen and agile work experience with two different project teams

Agile Maturity

Agile maturity was measured periodically throughout the year and actions were taken accordingly. In addition to Agile Maturity Survey (BAI Survey), 3 Pulse Surveys were also conducted. Agile maturity assessments were applied to all agile employee teams. Otokoç Otomotiv kept its 3 stars in agile maturity.

Agile Transformation in Business Units

- Business Unit Transformation started in Leasing; Corporate Regional Teams were established.

At Retail Business Unit;

- The first customer team was formed in Antalya Branch.
- End-to-end agile branch design started in İzmir.
- The customer team was established in the 2nd Hand business unit.

Agile Transformation in Numbers

- 36 Teams
- 259 Employees
- 2,636 Training Hours
- 550 People Receiving Training
- 7 Different Employee Experience Process Designs
- Interaction with More than 700 employees
- 156 One-on-one Communication
- 110 Different Sessions
- 110 Hours of In-house Interaction

We started our agile transformation journey with the goal of being a dynamic organization that creates more value for its employees, customers, and stakeholders. In order to respond to customer expectations much more quickly and more accurately at all points of contact, end-to-end, we will continue to digitalize the processes with the added value provided by agility, design, and provide a holistic service, and move on to the future with agile steps.



HUMAN RESOURCES

Different programs and processes were designed for the development of leadership skills, which is a significant topic that will carry Otokoç Otomotiv to the future and strengthen employee experience.



Employee Focus

- Different programs and processes were designed for the development of leadership skills, which is a significant topic that will carry Otokoç Otomotiv to the future and strengthen employee experience. Basic coaching trainings were delivered to include all employees managing teams. The In-house Coaching process was designed and implemented to include 22 coaches who received advanced coaching training and 65 employees.
- Reverse Mentorship Program was implemented in which the senior management team participated and feedback was received from MTs on corporate culture, applications, and leadership skills. There are 8 senior managers and 15 MT employees within this program.
- The Company received Turkey's Best Work Place award given within the scope of the Kincentric Best Employers 2022 Program as a result of the Employee Loyalty and Experience Survey conducted to measure employee experience excellence. Employee Loyalty score increased by 6.6 units in 2022 to reach 82.8. Employee loyalty, which goes up at an increasing trend reached its highest level in the history of Otokoç Otomotiv.
- In addition to this survey, employee group-based surveys were conducted to listen to employees' experiences about concerns during the pandemic, hiring, orientation, and rotation processes. Actions were taken based on feedback from the surveys on subjects to be improved during the year.
- Communication activities were carried out throughout the year to create brand recognition and expansion of the "Otokoç 1 World" employer brand in order to attract new talents suitable for Otokoç and to strengthen the employee experience. We attended 35 different career meetings at campus events and got together with students. Through employment programs focused on young talents such as Sales School, Part-time Sales Consultant, Upgrade Long-term Internship, ShineUp Summer Period Internship Programs and SpeedUp Manager Candidate Development Program, 115 young talents joined the Company.
- Contents were diversified in social media career accounts to include posts that reflect Otokoç Otomotiv's world and increase the visibility of people of Otokoç Otomotiv.
- During the year, inspiring conversations were held with experts and important names in their areas through webinars in which employees participated. "Otokoç 1 World" employer brand was reinforced with communications supporting employee experience via the celebration of special moments and special day gifts.

Applications During the Pandemic

- Remote working opportunities continued to be offered to anyone who does not need to be physically present due to the nature of work.
- Otokoç Otomotiv Pandemic Committee provided for the calibration of alternating in-house working percentages by observing the course of the pandemic and the directive and notices of the Ministry of Health together with the guidance of the Koç Holding Crisis Center.



- Precautions were continued to be taken such as desk separators, gel filters for air-conditioning, and disinfection boards to provide social distancing and isolation at the workplace. Surface contacts were reduced by automation.
- Arrangements such as car rental, shuttle route capacity planning, and fuel support were made for employees who have to work on-site.
- On-site doctors were assigned to all of the company locations regardless of the requirements of the legislation concerning the necessity of assignment of an on-site doctor. Likewise, in addition to doctors, nurses were assigned to the branches due to the high employee density.
- As well as raising employees' awareness of the pandemic and providing the necessary personal protective equipment, the health statuses of employees were monitored closely with the support of on-site doctors and nurses serving at all Company locations.
- With the objective of increasing awareness, occupational safety services were provided in addition to doctor services at the leasing offices.
- Providing Internet and ergonomic package support continued to be given to our colleagues who are in hybrid and remote working models.

Occupational Health and Safety

Otokoç Otomotiv sees providing its employees with a healthy and safe working environment as one of its most significant responsibilities and develops an effective occupational health and safety culture with a zero-accident target. In this context, the Company defines and manages occupational health and safety risks and reviews its target for these risks.

Mandatory trainings are completed and obligations are fulfilled within the scope of Occupational Health and Safety Law numbered 6331 and related regulations. There are occupational health and safety boards at each location. OHS experts, doctors and nurses are present for the health and safety of employees. Risk assessments, emergency action plans and periodical health screenings required by regulations are conducted and regularly monitored by the related personnel.

In addition to legal requirements, performance improvements are made within the framework of ISO 45001:2018 Occupational Health and Safety Management System. Our headquarters and 31 retail branches have ISO 45001:2018 certificates. Location-based risks and opportunities are determined and actions are developed at all locations with internal audits.

The development of employees' awareness and conscience about occupational health and safety is targeted. Worksafe applications which were implemented by the Group will be expanded in 2022 to increase notifications of non-compliance, near-miss, improvement opportunities, occupational accidents and preventive activities. In this context, reward programs were implemented to encourage employee participation and report more incidents.

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MARKETING

Otokoç Otomotiv was granted the international award at European Customer Centricity Awards in the Customer category.

Customer Experience

In order to deliver a unique customer experience for all brands served, Otokoç Otomotiv started the Branded Customer Experience Program in the last quarter of 2022 simultaneously with the agile transformation process. The program, which started with the Short-term Vehicle Leasing business unit, will be implemented for all Otokoç Otomotiv brands in 2023.

At the branded Otokoç Otomotiv Customer Experience Program, the plan is to establish a customer-oriented governance model in line with customer strategy and commitment. The Company's target is a sustainable cultural transformation to be realized by redesigning customer assessments and customer road maps, supported by internal trainers to provide service standardization at all customer interaction points, to expand these standards.

Since 2020, Otokoç Otomotiv has conducted researches reviewing all phases of customer experience from brand awareness to brand loyalty process, identifying them at all points of contact and reflecting them to service maps. The customer road map process which started with the vehicle leasing business unit continued with the Retail business unit in 2022. Based on the resulting experience map, projects are identified and implemented under the moderation of teams and the research firm to redesign the experience based on needs.

Activities on Customer Experience were Crowned by Awards Received

At the International Region Net Promoter Score measurement which Avis Budget Group conducted with an independent research company; Avis Turkey completed 2022 as the leader in the 1st League category while Avis Greece was at the 2nd place.

Moreover, Otokoç Otomotiv received its first international award in 2022 in the customer experience area. At the European Customer Centricity Awards, which is one of the

most important awards in Europe, the Company received an award in the Customer Complaints category with for Customer Quality Management System project.

Otokoç Otomotiv aims to Provide Service with Bots Supported by Artificial Intelligence in All its Brands.

Otokoç Otomotiv is setting up digital assistants for all brands it serves and puts them in use in order. In addition to developing and improving the service experience given to customers, the aim is to increase sales capability. The Company works on increasing the efficiency of customer representatives at the Call Center and creating a difference in customer experiences by making response speed faster through bots.

Omnichannel

Thinking of the Road Channel

Otokoç Otomotiv achieved a first in the automotive sector and created a non-branded channel brand. Thinking of the Road which differentiates Otokoç Otomotiv from other automotive brands produces attractive, meaningful content that is worth watching on many different topics and areas compatible with the target audience. Thus, the Company created a sustainable platform by creating faces of its own brand.

Thinking of the Road channel reached more than 23.2 million views and more than 1.1 million hours of watching from its inception. An average view time of 2.53 minutes is an indicator that the content that viewers look for are being created.

Reaching a new audience in a very short time and becoming a reference point in all categories, Thinking of the Road created a digital ecosystem with 155,000 subscribers.





Otokoç Metazone

Otokoç Otomotiv Made its First Decentralized Metaverse Investment

Implementing technological trends to provide the best service to its customers, Otokoç Otomotiv established "Otokoç Metazone" which is an accessible and sustainable experience center built on land on Decentraland. This land investment at Metaverse is one of the most significant steps in this area in 2022. On 7 lots of the land of this experience center, there is the main building on 4 lots, two separate cylinder buildings on 2 lots, and a park area with a billboard on 1 lot.

Avis, jersey sponsor of Fenerbahçe for the last 5 years, introduced the new season jersey of Fenerbahçe with the largest jersey made at Metaverse at decentralized Decentraland - Otokoç Metazone. A large building which can be seen from long distances was built at Metaverse and the jersey of a sports club was built as a building at Web 3.0 world for the first time in the world. In addition to being the largest jersey made at Metaverse so far, this project was the launch of the jersey of a sports club in Turkey at Metaverse.

Visitors are welcome on each floor of the main building of Otokoç Metazone with a different theme. On the ground floor, there is the Otokoç World Zone where all Otokoç Otomotiv brands are present and visitors are welcomed with "Hello" in 9 different languages of the countries the Company operates in. On the first floor, there is the Otokoç Showroom Zone where campaigns of 2nd hand vehicle sales specific to Metaverse will be designed. The second floor is Otokoç Co-Creation Zone, where brand collaborations, sponsorships, and social responsibility projects take place. On the terrace floor, there is Otokoç Social Zone which is designed for social interaction and experience. Otokoç Agile Zone is at the second building

and Otokoç Art Zone is at the third. At the last lot, there is a digital billboard and a park area called Otokoç Metapark to greet the visitors.

Otokoç Otomotiv draws attention to social topics in addition to commercial activities in this area. An important step has been taken within the scope of the event titled "No Glass Ceilings in the Metaverse" organized as part of the Marketing Turkey Summit. During the event, it was highlighted that the awareness of women who believe professions do not have genders need to be at equal and more active roles in every area.



DIGITALIZATION AND INNOVATION

Otokoç Otomotiv 's successful practices in digitalization and innovation have been crowned with many awards as well as creating financial value.

Digitalization

Otokoç Otomotiv updated its vision and focus areas and established its road map in 2022 within the scope of digital transformation governance.

While establishing the road map, MIT's "Future Ready" approach recommended by Koç Holding was taken as a reference. Otokoç Otomotiv has focus areas identified in line with its vision of "Being the Digital Leader in the Sector". These are:

- Employee Experience
- Operational Excellence
- Customer Experience
- Digital Sales and Marketing

Technology Platforms, Data Governance and Agile Transformation are also defined as foundations. In accordance with targets determined specific to focus areas, 35 different KPIs were identified specific to 2nd hand, leasing, retail business branches, and brands. Revenue from digital channels, new customers acquired, number of new products offered to customers, internet of things (IoT) and number of analytical-based applications implemented, employee NPS score, application store score, 360 Degrees Customer Appearance are among these KPIs.

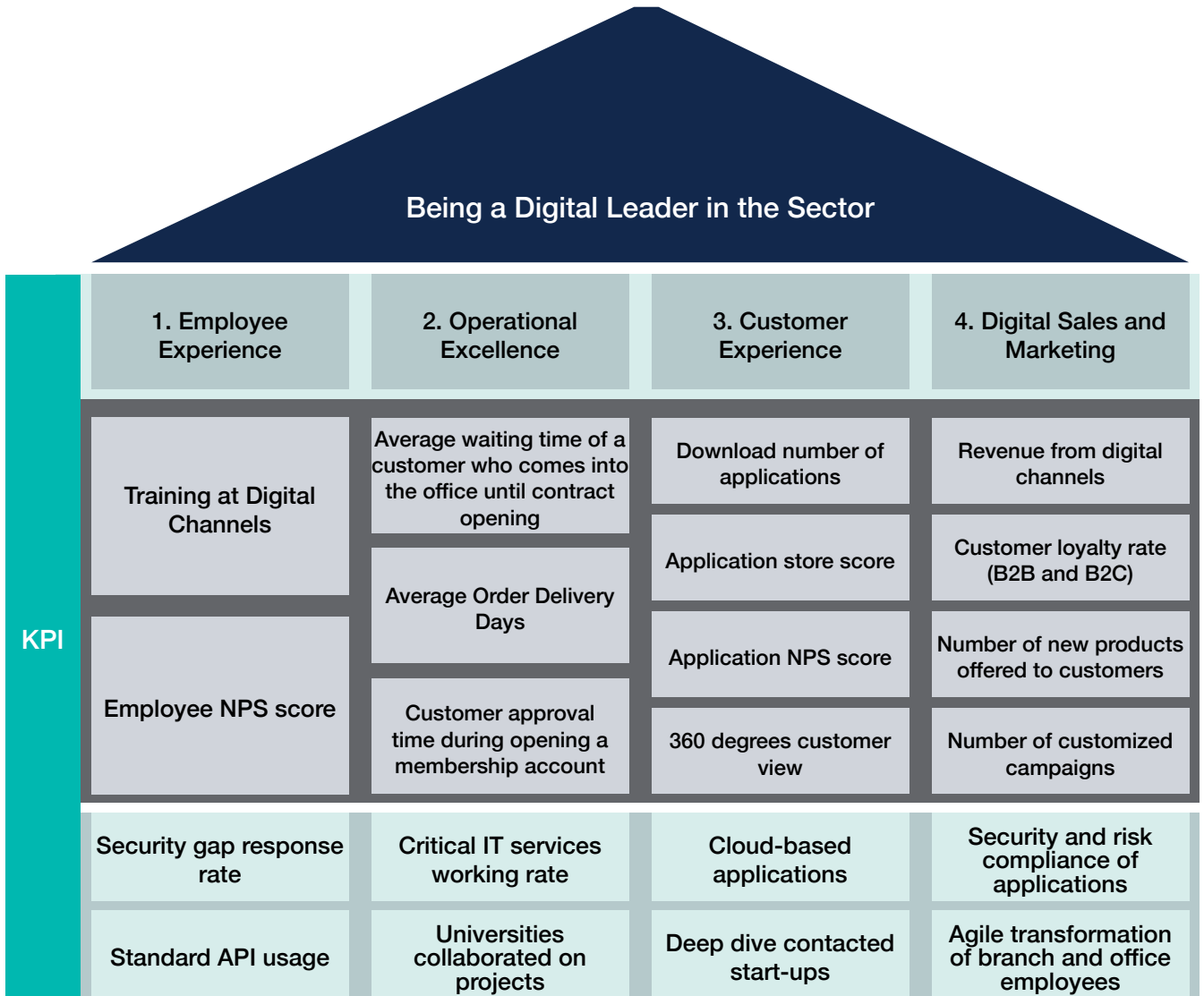
2022 year-end targets of KPIs were determined at workshops realized and taken as common targets of business families. Digital Transformation Dashboard was prepared so that all the employees of the Company can see the realization of annual and quarterly targets. Thanks to the Dashboard, data of all brands could be compared and it is possible to track the realization level for the target. Gartner's "Score Card" assessment model is used to determine the digital transformation maturity of the Company with the KPIs identified. Thus Otokoç Otomotiv's digital transformation maturity level was determined.

Observing improvement areas based on digital transformation maturity, initiatives that will make achieving year-end KPI values possible were identified and prioritized based on "Strategic Compliance, Financial Value, Difficulty, Technological Impact, Cost Impact" criteria. 11 Digital Transformation projects were identified based on these priorities and their timelines were prepared.

Otokoç Otomotiv is developing projects in the area of connected and shared vehicle technology as it has a target of being a pioneer of innovative mobility products in sharing and leasing by providing services in a number of points of the mobility ecosystem under one roof. The cumulative financial effect of digital transformation projects finished in 2022 was TL 18 million in 2022.

TL 18 million

The cumulative financial effect of digital transformation projects finished in 2022 was TL 18 million in 2022.



One of the completed Digital Transformation projects “Spare Parts Inventory Optimization with Advanced Analytical Modeling” allows the Company to optimize the inventory status by predicting sales through artificial intelligence and machine learning tools and to improve the parts purchasing process by optimizing the procurement process to finish slow-moving inventory. During the first six months of 2022, it was reduced by TL 13 million (10%) and resulted in savings of TL 2 million in inventory cost.

With the Spare Parts Marketplace Platform (Partsinstock) project, a supply chain platform was established in the spare parts market starting with insurance and fleet companies to end users, by using wholesaler and retailer companies as warehouses, to provide services all across Turkey for all

brands and all types of parts. While the purchase discount was 10% on average in all brands except for Ford and Fiat brands, it was increased to 30% after the establishment of the platform.

A vehicle card mechanism was also established at “Avis Filo Web and Mobile Experience Platform” and Avis Filo website where customers can view and get information about the vehicles they will lease as in short-term vehicle leasing. A shopping basket structure was set up as in online shopping and advance payment advantage options are offered based on total lease amount, monthly payment, and other specific parameters in the background.

DIGITALIZATION AND INNOVATION

3,000 new customers

Through innovation start-ups, 3,000 new customers were acquired.

In 2022, all in-house entrepreneurship and open innovation activities were combined under a single brand “Inomotion” in accordance with Innovation 2.0 vision.

Innovation and Entrepreneurship

Innovation activities of Otokoç Otomotiv which started in 2015 by participating in the Koç Innovation Program gained a corporate identity as of June 2021 as Innovation and Entrepreneurship Unit. In 2022, all in-house entrepreneurship and open innovation activities were combined under a single brand “Inomotion” in accordance with Innovation 2.0 vision.

Growth Board

A “Growth Board” was formed with individuals who are leaders in their industries, pioneers in innovation, clearing the way for companies, and producing inspiring work in their respective fields. The Board holds quarterly meetings and carries out 360-degree assessments of startups. For the mobility system of the future, Growth Board is quite important for collaborations with not only local investors but also with important international investors. We see the Growth Board as an application that will carry the Company’s vision to the future and develop its perspective.

In-house Entrepreneurship

While the 10th Cycle In-house Start-up Acceleration program continues within the scope of the Koç Innovation Program, VIP (Very Innovative People) Ideation Program was launched for the first time in 2022. In this context, training series and idea development workshops were realized in mobility and data monetization. 10 new business ideas were designed and 4 of these ideas were developed in the 10th Cycle In-house Start-up Acceleration program. For the 2 programs conducted in 2022, 100 applications were received and 6 business ideas selected were included in the acceleration program. 19 team members of 6 in-house start-ups of Otokoç Otomotiv took

advantage of the training and mentorship processes of the acceleration program. They conducted more than 150 hours of teamwork and received more than 24 hours of mentorship and 50 hours of training in 2 months. 920 customer/user and 40 stakeholder meetings were held. Pilot period activities continue with 2 start-ups selected from 6 business ideas. Additionally, the innovation team worked as a full-time entrepreneur for E-BIKE which is the first co-innovation start-up that transitioned to a pilot period.

The number of applications to Innovation Programs which started in 2015 is 1,555. Out of these ideas, 46 of them were conducted with the lean start-up methodology and as a result of presentations made to senior management, 28 of them were granted the right to transfer to the pilot phase.

Revenue from innovation start-ups increased by 29.2% when compared with the prior year and exceeded TL 57 million in total for the last three years. With the innovation start-ups, approximately 3,000 new customers were acquired.

Start-ups

As a strategic step in electrification transformation in the automotive sector, the Company became one of the founders of WAT Mobilite to operate in the electrical vehicle charging business. The start-up which is supported by Entek and Opet, besides Otokoç Otomotiv, will continue to grow with joined forces of the mobility ecosystem. Thus, the start-up has a goal of being the pioneer with their own location and strong dealership and service infrastructure across Turkey.

The first start-up investment was made in 2022 to USA-based Bluedot, a technology start-up that can integrate into the infrastructure of charging station companies effortlessly



and provides its users the opportunity to access and make payments from the mobile application.

Otokoç Otomotiv collaborated with “ALBA Elektrikli Ulaşım Sistemleri”, a domestic micro-mobility manufacturer. Initiated as a co-innovation project covering e-bikes and scooters, the project is ongoing in a pilot run with short-term rental and sales business models. In the following periods, the project will cover long-term rental and sharing business models.

A unique application was launched to develop employment in Turkey and deliver entrepreneurship training that is one of a kind in Turkey and in the world. With “Entrepreneurship Trainee (ET)”, a full-time entrepreneurship application, teams appointed to guide in-house startups assumed the function of accelerating the activities. The target of the application which started this year is to strengthen the program and accelerate the commercialization process.

The Company became a consortium member within the scope of the TÜBİTAK BiGG program of which Koç University Entrepreneurship Research Center- KWORKS is an executor.

Open Innovation

In 2022, meetings were held with a total of 243 start-ups for collaboration and investment opportunities. In collaboration with Plug & Play, a Silicon Valley-based Innovation and Entrepreneurship Platform, 6 deal flows were organized. The first deal flow was realized in Second Hand Data Management, the second deal flow in Caravan Technologies, the third in Micro Mobility, the fourth in Vehicle Status Tracking, the fifth was in Connected Vehicles- Fleet Management, and the sixth was in Consumption Services inside Vehicles. A demo day was organized collaborating with Keiretsu Forum which focused on Fintech.

As a result of start-up meetings, collaboration discussions were conducted with 46 start-ups, the Company collaborated with 3 of them, invested in 1 start-up, and 7 PoCs were realized.

Strategy studies started specifically for Mini Mobility in line with Micro Mobility deal flow.

With a focus on mobility, 6 Venture Capitals (VC) were reviewed to participate as Venture Capital Limited Partners (LP). A decision was taken to enter into a micro-VC and evaluation processes are ongoing.

Innovation Activities

Within the scope of the Innovation Development Series, 4 informative webinar sessions were held, Co-innovation with the MigrosUp team, “Sustainable Innovation” with S360 Sustainability Consultant Ahmet Eren Öztürk, “Business Model Innovation” with “”, Bosch Innovation Consulting Director Levent Sürer, “Catalyzers of Corporate Entrepreneurship” with Henkel Innovation and Product Development Leader and former Innovation Leader of 3M Belma Haug.

“Design-based Thinking” workshops were held for Zipcar, Second Hand and Caravan units at the Taşdelen branch. Briefing and introduction sessions were held for one-on-one meetings with 500 employees from 20 units. In-house Entrepreneurship Smartfail and Experience Sharing Award Ceremonies were organized where in-house entrepreneurs shared their experiences and rewards were presented. Additionally, with the Innovation Day event, information was shared with the whole company on how collaborations were realized with start-ups.

PROJECT OFFICE

Hybrid Project Office was considered among the best practices at IDC CIO and received an award.

Best practices were reviewed, a value-based prioritization process which is one of the foundations of Agile Project Management was developed and a Hybrid Project Office compatible with our Company's strategy and vision was established. Requests are being scored based on risks, difficulty, technological effect, and strategic compliance criteria in addition to financial effect and costs. Then, Project Evaluation Board (PEB) evaluates project requests at 2-month periods and prioritizes them based on identified KPIs. The financial impact of approved projects is measured on a quarterly basis and shared with stakeholders and PEB.

Hybrid Project Office was considered among the best practices at IDC CIO and received an award.

Projects implemented were granted numerous awards at 5 different technology organizations in 2022. During the same period, completed projects contributed TL 90.2 million in business value.

Examples of projects executed and completed in 2022 are presented below:

- Avis Filo Maestro
- Service 4.0
- Data Warehouse Phase 1
- Avis Filo Website
- HR Chatbot
- Plate Tracking System
- Inventory Optimization
- 2nd Hand Data Collection
- Otokoç Website
- Otokoç 2nd Hand Dealership System
- Safe Driving
- ZipTrip & ZipFlex
- Otokoç Synergy Platform



R&D

Otokoç Otomotiv aims to be a pioneer in the sector in examining and researching new technologies and using these technologies at appropriate opportunities.

Otokoç Otomotiv's R&D targets are as follows:

- Ownership and execution of technological standards and ownership of shares in intellectual properties (IP)
- Increasing technological talents of products and gaining superiority in a competition that is hard to copy
- Decreasing costs when acquiring technology and innovations
- Attracting and retaining talented employees.

In this context, technology platforms are developed to review and research new technologies and become pioneers in the use of these technologies. The Company aims to develop its technological competencies by making investments in micro Service Architecture, DevOps, Application Modernization, and Data Warehouse areas.

Otokoç Otomotiv started an ERP Transformation project to update the technology of its current ERP system, thus creating a unique user experience and preparing a suitable infrastructure for new technologies. In this context, a new generation ERP design was made and the SAP S4HANA project started.

Thanks to this ERP Transformation Project, the following will be possible:

- Basic steps to digitalization, process improvement, and automation (savings in business processes)
- Individual systematic infrastructure (customer, vehicle, etc.)
- Management modules and momentary, limitless, end-to-end reporting

Otokoç Otomotiv will continue to contribute to increasing efficiency in 2nd hand, leasing, and retail operations in its journey of e-commerce and becoming a platform with investments in data management and analytics to create data-based advanced analytic projects (optimization, estimation, etc.), to make its road map in data management clear and to set up the organizational chart for sustainable data management.

Joint R&D projects are conducted collaborating with Koç University and Okan University within the scope of R&D activities to gain superiority in a competition that is hard to copy by increasing technological talents of products and to execute technology-intense projects in collaboration with universities, start-ups, and R&D centers.

Within the scope of an EU Horizon 2020 project conducted with Okan University, the Company aims to optimize emissions by directing driver behavior in terms of vehicle use and maintenance. The project includes a scoring system that will receive vehicle data through OBD and direct the driver to optimize emission based on this data.

In 2022, there are 4 project applications to the EU Horizon Incentive Program and 1 application to the Ministry of Industry Technology-oriented Industry Move Program.

With the "EcoMobility" project which the Company applied for the EU Horizon Incentive Program, Otokoç Otomotiv received its first EU Horizon project approval. With the approval of this project, the Company was granted an incentive of EUR 200,000 which will be received in a period of three years. There are 44 global companies, of which 6 are from Turkey, within the EcoMobility project. The target of this project is to offer door-to-door transportation services within the scope of smart cities via a mobility platform with electrical elements and advanced technology products with the interaction of all stakeholders within the ecosystem such as vehicle manufacturers, suppliers, operators, and end-users.

With the "Otokoç Otomotiv Mobility Platform Development Project for Connected Vehicles and Smart Mobility System Management" that the Company applied for incentive within the scope of the Industry Move Program, Otokoç Otomotiv aims for the development of smart mobility business models by improving customer experience through launching the platform targeting sector leadership in mobility and implementing 12 different applications on this platform.

CORPORATE SOCIAL RESPONSIBILITY

With the “Glass Ceiling is Only Good in a Car” project which started on International Women’s Day, Otokoç Otomotiv aims to remove all invisible barriers in front of women, to make them aware of and possess their power to change, transform and create a sustainable future and to be supported by all layers of the society.

☺CAM☺
TAVAN
ARABADA
GÜZEL!

We are the Followers of Equality in All Areas: The Glass Ceiling is Only Good in a Car

In 2019, Otokoç Otomotiv owed its signature to Women’s Empowerment Principles (WEPs) in line with Koç Holding becoming a signatory of the principles with the motto of collaboration between enterprises in different roles but working for the same goal. The Company works with Hearing Impaired Educational Activities Association, UN Women, the Women In Sales Network Program, and PWN Istanbul for gender inequality and inequalities citizens with hearing disabilities face.

We drew attention to Glass Ceilings, which are defined as all types of invisible barriers in front of women to prevent them to reach their potential, and started the Glass Ceiling is Only Good in a Car on 8 March International Women’s Day for social gender equality with a goal of a more equal and more inclusive world. During the year, we continued to conduct activities with collaborations with institutions with high impact areas, collaborations with influencers who are sensitive in inequality matters, press and advertising communications to reach more people in public, and participate in important organizations and summits which address the topic of inequality. The project was supported by individuals from the sports communities and non-profit organizations and our activities had great influence in wide media. Moreover, we received strength scores in ISO audits thanks to this project.

“We Speak the Same Language”

Via its Avis brand, Otokoç Otomotiv got working with the purpose of serving as leverage in yet another sensitive topic in 2017. The Project “We Speak the Same Language” was launched in order to enable hearing-impaired individuals to be able to rent cars and make themselves recognized place in traffic easily by deepening the ongoing cooperation with the Hearing-Impaired Educational Activities Association.

In 2022, within the scope of this project that turned into a lofty mission;

- “Sign Language Training” program was prepared with Koç University Hospital in collaboration with Hearing Impaired Educational Activities Association to support a working environment that protects inclusivity and equality. This program was launched with the support of “Avis We Speak the Same Language” project for the purpose of providing problem-free service to hearing-impaired individuals at points of contact for employees in administrative and academic units to offer better guidance.

Highlights of the project set-up are:

- All field and Head Office employees of Avis got basic and sector-specific sign language training.
- The first aid handbook created in Turkish Sign Language was a contribution to our country.
- Avis brand name entered in the sign language literature.
- All documents associated with leasing were translated into sign language and converted into videos using a QR code.
- A customer experience line was set up enabling video chats with customer representatives who know sign language.

Our Family grew with the SemtPati (Neighborhood Paws) Project

Within the scope of SemtPati project, which started to establish example neighborhoods where people can leave in harmony, love, and safety with stray animals, animal sheds were built at Otokoç Taşdelen, Otokoç İstinye, Otokoç Sultanbeyli, Otokoç Beylikdüzü branches to improve the living conditions of our cute friends.

SUSTAINABILITY

Otokoç Otomotiv's strategies were identified with the goal of increasing the value it creates in the area of sustainability for the future. The Company is focused on material issues considering its stakeholders with the vision of developing mobility solutions and being a global, leading reference point and a sustainability approach.

Fighting Climate Crisis

Otokoç Otomotiv continues its activities to measure and reduce its carbon footprint by defining its strategies within the scope of climate change and integrating them with the Company's businesses.

Within the scope of ISO 14064-1 Greenhouse Gas Emission Reporting Standard, Scope 1, 2, and 3 greenhouse gas emissions were measured and assured by an independently accredited institution.

Acting from the point of significance of producing renewable energy and energy efficiency to reduce the impacts of the climate crisis, the following were realized:

After putting solar energy panels into use at the Otokoç Antalya branch in 2021, solar panels were also built on the roof of Otokoç Adana in 2002 with a result of preventing 221 tons of CO2 emission.

At the Headquarters and retail branches, electricity is provided from renewable energy resources with EPIAŞ YEK-G Certificate.

Within the scope of energy efficiency projects, in order to reduce energy consumption, air leaks are detected, equipment that provides energy efficiency is primarily used, LED transformation in lighting devices, and time clock adjustments are made. Energy efficiency and improvement activities prevented 237 tons of CO2 emissions in 2022.

The Company continues to develop projects to reduce the negative impacts of climate change by investing in renewable energy systems and increasing energy efficiency.

Rainwater collected via the rainwater collection system established at Otokoç Bursa Branch is used for car washing and the goal is to expand this system at different locations.

To increase awareness about the fight against the climate crisis, the Company collaborated with World-Our Home Association with the "Road Companion who Saves Home" motto. In addition to increasing individual awareness in the fight against the climate crisis, the importance of taking action as a corporate was emphasized through pieces of trainings, conversations, book clubs, and trips.



SUSTAINABILITY

Within the Zero Waste project conducted by the Ministry of Environment, Urbanization, and Climate Change, all facilities transitioned into a zero waste management system.

Environment and Waste Management

Activities for environmental matters take place in accordance with legal legislation and environmental policies.

The Company conducts its activities in accordance with ISO 14001:2015 Environmental Management System in full compliance with legislation targets.

Otokoç Otomotiv separates waste from its operations at its source in compliance with legislation and sends them to recycling facilities with environmental certificates, when possible, in line with recycling principles. Waste motor oil resulting from after-sales services in particular is collected and sent to refinery plants to be recycled.

Within the scope of the fight against plastic pollution, it is planned to end plastic use as of March 2023. In this context, individual single-use plastic consumption was reduced by 50% in comparison with 2020.

Within the Zero Waste project conducted by the Ministry of Environment, Urbanization, and Climate Change, all facilities transitioned into a zero-waste management system. With the target of zero waste, all waste is separated at the source and sent to recycling. Zero waste awareness is being expanded through training and informative activities.

Integrated Management Systems

Otokoç Otomotiv follows international standards to maintain standardization in all processes.

All operations are conducted within the scope of the Integrated Management System, which is composed of the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 10002 Customer Satisfaction Management System.

In 2022, mid-term control audits were successfully completed and the validity of the certificates was approved.

Business Excellence

Business excellence activities and Lean 6 Sigma projects are being conducted as part of Otokoç Otomotiv's continuous improvement activities.

Projects are being implemented with the 6 Sigma methodology for problems in processes, areas open for improvement, and performance indicators that need improvement. As a result of these projects, many benefits are achieved, and efficiency and performance are increased in different processes. Return/ saving indicators of these projects which provide a competitive advantage are being followed and reported meticulously.

In this context, 19 green and yellow belt projects were conducted in 2022. Furthermore, business excellence projects within the scope of ZBB achieved a return of TL 13.2 million.

Trainings were delivered to 427 employees in lean vehicles, problem-solving techniques, 5S, Yellow and Green Belt Lean 6 Sigma

In 2022, 5S activities started at Otokoç Bursa Osmangazi Fiat, Otokoç Ankara Fiat, Otokoç İstanbul Küçükyalı Fiat, and Otokoç İstanbul Ataşehir Ford branches with the purpose of achieving savings and proper management of resources.

5S activities in branches aim to create workplaces where employees work more effectively and happier, more efficiently, and with low risk in terms of occupational health and security. On-site trainings were delivered to employees working at those branches where 5S activities are conducted and returns of 5S activities were recorded Before-After Kaizen studies.

INTERNAL COMMUNICATION

Throughout the year, award interactions, events, project announcements of units, and special day activities were shared with employees via all media.

Live meetings where senior management briefs employees and answers their questions called “Meeting with Leaders”, that started during the pandemic process continued in 2022. During these meetings, the Company announced information about the agenda, reminders, alerts, congratulations, and commemorations. While the effects of the pandemic decreased, CEO İnan Ekici and members of senior management visited different locations to be present at all locations of service.

Welcome Summer Party was organized to increase the synergy and motivation of employees. Summer was celebrated with music and food at the event in which all campus employees participated.

Throughout the year, award interactions, events, project announcements of units, and special day activities were shared with employees via all media.

Ankara Anıtkabir visit on 9-10 November, which has been made for the last 20 years, and as an online event for 2 years due to the pandemic, were realized this year physically with the participation of lucky volunteer employees and CEO İnan Ekici. Employees at Headquarters and branches also got together at the physical commemoration events. The film



prepared by Koç Holding each year on 10 November was aired at Otokoç Metazone in Metaverse world. This created an opportunity to keep the memory of the Founder of the Turkish Republic Mustafa Kemal Atatürk on every platform.

At year-end, a celebration event was organized for all employees with the “All Over Again” concept. Successes of the past year were remembered and a loyalty-increasing environment was created. On a night moderated by a prestigious moderator, CEO İnan Ekici was the spokesperson. Otokoç Otomotiv Music Group Otokoç Band was on the stage, Employee Seniority Awards, and Development Champions Awards were presented by the members of senior management.



AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING OF OTOKOÇ OTOMOTİV TİCARET VE SANAYİ ANONİM ŞİRKETİ CONVENED ON 10 MARCH 2023

- 1- Opening and election of the Chair of the Meeting
- 2- Presentation for discussion and approval of the Company's 2022 Annual Report prepared by the Board of Directors
- 3- Presentation of the Audit Report for the 2022 fiscal year
- 4- Presentation for discussion and approval of the Company's Financial Statements for the 2022 fiscal year
- 5- Decision regarding the Board of Directors' proposal for 2022 profit/loss,
- 6- Individual acquittal of the members of the Board of Directors of their fiduciary responsibilities for the Company's activities in 2022
- 7- Determination of the number and terms of office of Board of Directors members; election of members according to the number of the seats on the Board of Directors determined
- 8- Approval of the benefits provided to the Board of Directors members and senior executives in 2022 and determination and approval of the annual gross remuneration amount for 2023
- 9- Approval of the Independent Audit Firm designated by the Board of Directors pursuant to the Turkish Commercial Code
- 10- Authorizing the Board of Directors members to carry out transactions with the Company on behalf of others or themselves, to execute a transaction of a commercial business nature that falls under the Company's field of operation on their own or other's behalf, or to become a partner with unlimited liability in a company engaged in the same kind of commercial affairs and perform other transactions under Articles 395 and 396 of the Turkish Commercial Code
- 11- Wishes and opinions.

INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Otokoç Otomotiv Ticaret ve Sanayi A.Ş.

1. Opinion

We have audited the annual report of Otokoç Otomotiv Ticaret ve Sanayi A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2022 period.

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

2. Basis for Opinion

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

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

We expressed an unqualified opinion in the auditor's report dated 22 February 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

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

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

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT



c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

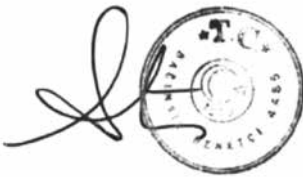
When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

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

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

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

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



Sertu Tali, SMMM
Partner

Istanbul, 22 February 2023

LEGAL DISCLOSURES

a. Capital

Paid-in/Issued Capital: TL 136,000,000

b. Shareholding Structure

The Company's shareholding structure is presented in the table below:

| SHAREHOLDER | CAPITAL AMOUNT TL | SHARE % |
|--|-------------------|---------|
| Koç Holding A.Ş. | 130,999,041.42 | 96.32 |
| Temel Ticaret ve Yatırım A.Ş. | 4,670,045.20 | 3.43 |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. | 330,550.39 | 0.24 |
| Koç Yapı Malzemeleri Ticaret A.Ş. | 362.73 | 0.00 |
| İnventram Fikri Mülkiyet Hakları Yönetim Tic. ve Yat. A.Ş. | 0.26 | 0.00 |
| TOTAL | 136,000,000.00 | 100 |

There are no privileged shares. There are no repurchased own shares by the Company.

c. Information on the extraordinary general assembly meetings held during the reporting period

None.

d. Organizational changes during the reporting period

Otokoç Otomotiv 2nd Hand and Fleet Operations structure became a directorship and Birkan Çalışkan, the Group Manager of 2nd Hand and Fleet Operations, was appointed as 2nd Hand and Fleet Operations Director on 1 February 2022. Retired CEO Görgün Özdemir resigned from the Board of Directors on 31 March 2022. Haydar Yenigün, Koç Holding Automotive Group President, became a member of the Board of Directors as of 1 April 2022.

e. Non-competition

Members of the management body do not carry out any transactions falling under the scope of the prohibition of competition with the Company on behalf of others or themselves.

f. Number of Employees

The Company had 3,073 employees on its payroll as of 31 December 2022. (31 December 2021: 2,825)

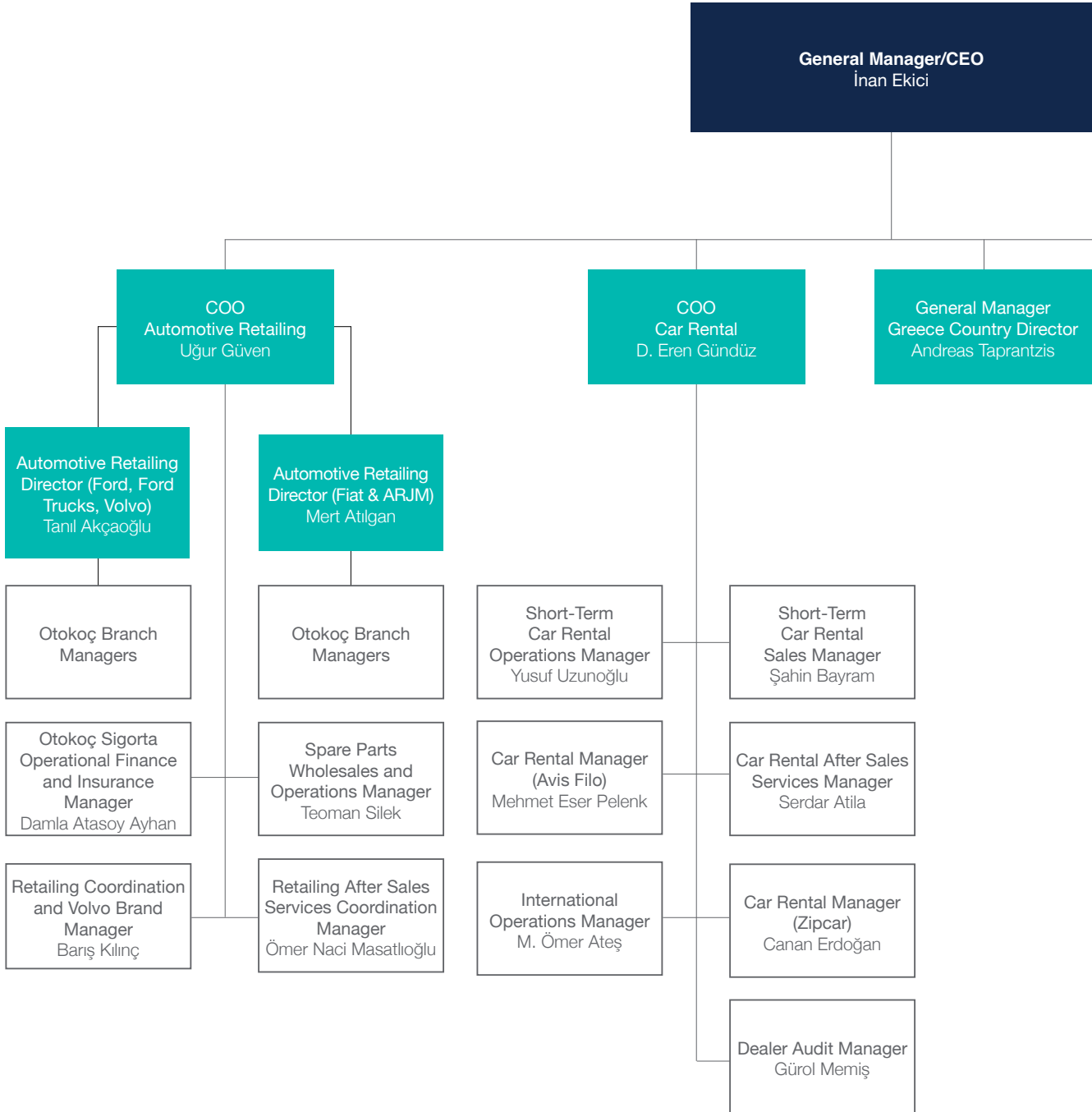
g. Subsidiaries

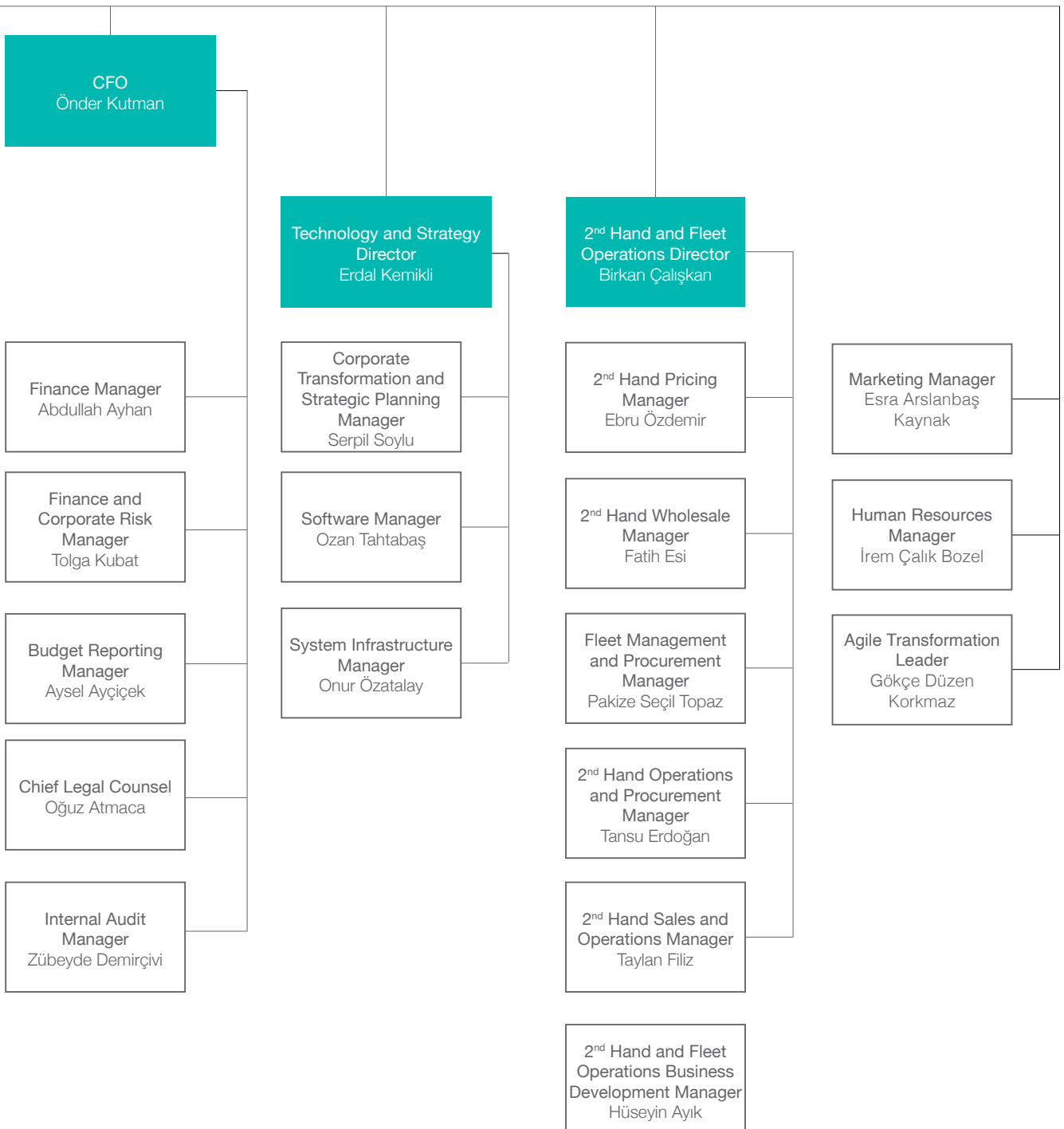
The Company's Subsidiaries and Shareholding Therein: The company names and shareholding ratio in which the Company has equity stakes are presented below.

| COMPANY | SHARE (%) |
|---|-----------|
| Otokoç Sigorta Aracılık Hizmetleri A.Ş. | 50 |
| Otokoç Azerbaycan MMC | 100 |
| Otokoç Irak LLC | 100 |
| Otokoç Otomotiv Tic. ve San. Kazakistan LLP | 100 |
| Otokoc Hungary Rent a Car and Servicing LLC | 100 |
| Otokoc Georgia LLC | 100 |
| Otokoç Ukraine LLC | 100 |
| Otokoç ABG Holland B.V. | 60 |
| Cronus Finance DAC ⁽¹⁾ | - |

⁽¹⁾ Although it is not a subsidiary of Otokoç, the special purpose enterprise established to ensure the securitization process has been included in the scope of consolidation as of 31 December 2020.

ORGANIZATION CHART





CVS OF THE BOARD OF DIRECTORS

İsmail Cenk Çimen Chair

Mr. Çimen has an Industrial Engineering degree from Istanbul Technical University. He completed Executive Development Programs at Stanford University (USA) and University of California Los Angeles (USA). He joined the Koç Group in 1991 as a Management Trainee at Nasoto. He assumed Sales Coordinator, Regional Manager, and Import Manager responsibilities at Otosan Pazarlama from 1993 to 1996. He served as Fleet Sales Manager at Ford Otosan from 1996 to 1998 and became the General Manager of Otokoç Ankara in 1998. In 2001, he was appointed as the General Manager of the companies merged under Otokoç. In 2005 his responsibility was extended to include the General Manager role for Birmot A.Ş., also assuming responsibility for the Avis car rental business. He served as Koç Holding Automotive Group President from June 2009 to April 2022. Cenk Çimen, who left his position at Koç Holding on 1 April 2022 due to retirement, continues to serve as the Chair of the Board of Directors at Otokoç Otomotiv.

Levent Çakıroğlu Member

Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department, and received his master's degree from the University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He was appointed as Assistant Manager of the Financial Crimes Investigation Board between 1997 and 1998, meanwhile, he taught as a Part-Time Instructor at Bilkent University. Çakıroğlu joined the Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also Chair of the Board of Directors of Arçelik-LG and TürkTraktör as well as the Vice Chair of Otokar and a Member of the Board of Directors at various Koç Holding companies.

Haydar Yenigün Member

Haydar Yenigün received his bachelor's degree from Yıldız Technical University, Mechanical Engineering Department in 1987. The same year, he joined Ford Otosan and assumed various roles in production departments until 1990, and continued to work as a Project Engineer between 1992-1996 after his military service. In 1997, Ford Motor Company and Otosan A.Ş. After the equalization of shares and the signing of the relevant agreement between Ford Motor Company and Otosan in 1997, he took on various duties during the establishment of the Kocaeli Plant. In 1998, he assumed the task of Project Leader. He served as Ford Otosan Kocaeli Plant Manager and Assistant General Manager between 2007-2012. He was appointed as Ford Otosan General Manager and Member of the Board of Directors on 15 February 2012. As of 1 April 2022, he started to work as Koç Holding Automotive Group President. He is a member of the Turkish Industry and Business Association (TÜSİAD), Vice Chair of the Turkey-USA Business Council (TAİK) Executive Board, and a Member of the Istanbul Chamber of Industry (ISO). He also served as Chair of the Board of the Automotive Manufacturers Association (OSD) between March 2018 and March 2022 and as a Board Member at the European Automobile Manufacturers Association (ACEA) between 2020-2022.

Özgür Burak Akkol Member

After receiving his Bachelor's degree in Industrial Engineering from İstanbul Technical University, Akkol completed the Executive MBA program and received a Master's degree from Koç University in 2011. As he continued his professional career, he successfully graduated from Harvard Business School and Columbia University completing the "Executive Development" and "Leadership Education" programs, at Columbia Business School and London Business School Global Executive MBA. Akkol started his career in 2001 in the USA, as a Production and Productivity Specialist at Nautilus Foods. After working abroad, Akkol returned to Turkey and started working for Koç Holding in 2003, as a Human Resources Assistant Specialist. He worked as a Human Resources Specialist between 2004 and 2005 and as an Audit Specialist and Senior Audit Specialist between 2005 and 2009. Akkol then worked as a System Development and Human Resources Manager between 2009 and 2010, as a System Development and Human Resources Coordinator between 2010 and 2014, and as a Human Resources Director between 2014 and 2021. He worked as Koç Holding Human Resources and Industrial Relations President between 2021 and 2022. Özgür Burak Akkol was appointed as the Tourism, Food, and Retailing Group President in 2022. Akkol is the Chair of the Board of the Koç Pension & Assistance Foundation, Koç Group Sports Association, and a Member of the Board of some other Koç Group companies. At the same time, he is the Chair of the Board of the Turkish Confederation of Employer Associations (TİSK), Turkish Employers Association of Metal Industries (MESS), and MESS Education Foundation and a Member of the Board of Turkish Employment Agency (İŞKUR).

İnan Ekici Member (CEO)

İnan Ekici graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration in 1991. Attending Economics and Human Resources program at the City University of London, Mr. Ekici also participated in various programs in leadership and other topics at Koç, Harvard, Stanford, and INSEAD Universities. Mr. Ekici started his career at London Cyprus Credit Bank in England and stepped into his long career journey at the Koç Group in 1996. After serving as the Regional Manager of Ford Otosan, he joined Otokoç Otomotiv in 2001, serving first as Adana Branch Manager and later as Ankara Branch Manager. He assumed the position of Assistant General Manager responsible for Vehicle Leasing in 2006. Responsible for nine countries including Turkey, Greece, Hungary, Ukraine, Azerbaijan, Kazakhstan, Georgia, Northern Cyprus, and Northern Iraq, Ekici was then appointed as the General Manager and member of the Board of Directors of Otokoç Otomotiv, operating in automotive retailing, vehicle leasing and car sharing, effective 1 July 2019. He has been the Chair of the Board of TOKKDER (Turkish Short and Long Term Automotive Rental Association) since March 2018. Mr. Ekici is also Vice Chair and Board Member of Turkey-Hungary Business Councils of DEİK (Foreign Economic Relations Board of Turkey), Founding Advisory Board Member of Entrepreneurial Organizations Platform, member of the Board of Trustees of the Entrepreneurship Foundation (GIRVAK), member of TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Automotive Assembly, Sales Network Leaders Club and PWN İstanbul Member.

CVS OF THE SENIOR MANAGEMENT

İnan Ekici **Member (CEO)**

İnan Ekici graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration in 1991. Attending Economics and Human Resources program at the City University of London, Mr. Ekici also participated in various programs in leadership and other topics at Koç, Harvard, Stanford, and INSEAD Universities. Mr. Ekici started his career at London Cyprus Credit Bank in England and stepped into his long career journey at the Koç Group in 1996. After serving as the Regional Manager of Ford Otosan, he joined Otokoç Otomotiv in 2001, serving first as Adana Branch Manager and later as Ankara Branch Manager. He assumed the position of Assistant General Manager responsible for Vehicle Leasing in 2006. Responsible for nine countries including Turkey, Greece, Hungary, Ukraine, Azerbaijan, Kazakhstan, Georgia, Northern Cyprus, and Northern Iraq, Ekici was then appointed as the General Manager and member of the Board of Directors of Otokoç Otomotiv, operating in automotive retailing, vehicle leasing and car sharing, effective 1 July 2019. He has been the Chair of the Board of TOKKDER (Turkish Short and Long Term Automotive Rental Association) since March 2018. Mr. Ekici is also Vice Chair and Board Member of Turkey-Hungary Business Councils of DEİK (Foreign Economic Relations Board of Turkey), Founding Advisory Board Member of Entrepreneurial Organizations Platform, member of the Board of Trustees of the Entrepreneurship Foundation (GIRVAK), member of TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Automotive Assembly, Sales Network Leaders Club and PWN Istanbul Member.

Dr. Mehmet Önder Kutman **CFO**

Dr. Mehmet Önder Kutman received his B.A. in Economics from İstanbul University in 1993, his MBA from Koç University in 1995, and his Ph.D. from İstanbul Technical University in 1999. Before joining Otokoç Otomotiv, he held various positions in the Audit and Finance Division of Koç Holding from 1995 until 2009. Since then, he has been serving as the CFO of Otokoç Otomotiv. In tandem, Kutman functions as General Manager of Otokoç Sigorta Aracılık Hizmetleri A.Ş. He is a Board Member at Otokoç ABG Holland BV, Olympic Commercial and Tourist Enterprises S.A, Otokoç Hungary Rent a Car and Servicing Limited Liability Company. He is also an Assembly Member of the Bursa Chamber of Commerce.

Uğur Güven **COO (Car Retailing)**

Mr. Uğur Güven received his B.Sc. in Geophysical Engineering from İstanbul University in 1986. He studied Marketing at Boğaziçi University under the Special Student Program between 1986 and 1988. After assuming various positions at Standart Belde A.Ş., Toyota Gökkuşluğu Otomotiv, Ford Bozkurt Motorlu Araçlar A.Ş., Motor Ticaret A.Ş., and Standart Motor A.Ş., he joined Otokoç Otomotiv in 2001 as a Branch Manager. He has been serving as Assistant General Manager of Automotive Retailing since 2004. He is also a member of the Board of Directors of OYDER (Authorized Automotive Dealers Association) since 2017. He is also Vice Chair of the Board of OYDER, member of TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Automotive Assembly, a member of the Ankara Chamber of Commerce Council, and a member of the Chamber of Geophysical Engineers of Turkey.

D. Eren Gündüz **COO (Car Rental)**

After his graduation from the Middle East Technical University Mechanical Engineering Department in 1996, Mr. Eren Gündüz started his career at Borusan Otomotiv as a Management Trainee. Following his posts at Doğu Otomotiv, Robert Bosch-Germany, and TÜBİTAK, he joined MAN Turkey as After-sales Services Manager and was then appointed to the Sales Director position. His successful career of 10 years at MAN Turkey led him to Vice Chair of Truck Sales, Product and after Sales Services at MAN South Africa and he was later promoted as Assistant General Manager Responsible for Operations. Mr. Gündüz is serving as Otomotiv Assistant General Manager Responsible for Vehicle Leasing at Otokoç Otomotiv since May 2021.

Dr. Andreas Taprantzis
CEO
Greece Country Director

Andreas Taprantzis holds a Ph.D. in chemical engineering and has an MBA and AMP from INSEAD. Having 20 years of managerial experience in various sectors, Taprantzis was the CEO of ELTA, the designated postal operator in Greece, between 2005 and 2009. He was elected the Chair of the Postal Operations Council (POC) affiliated with the Universal Postal Union, a diplomatic agency within the United Nations, for the 2008-2012 period during the 24th International Postal Congress held in 2008. Having started to work as the COO and Retail Banking Managing Director at Hellenic Postbank, one of the major banks in Greece, as of January 2010, Taprantzis assumed the position of Deputy CEO at T Bank, an affiliate of Hellenic Postbank in December 2010. He was a Board Member of Hellenic Postbank between 2006-2009 and 2011-2012. Taprantzis is the CEO of Avis Hellas, the leading car rental company in Greece. Prior to that position, he was an Executive Director of the Hellenic Republic Asset Development Fund responsible for real estate assets.

Mert Atılğan
Director
Otokoç Car Retailing
(Fiat, Alfa Romeo, Jeep and Maserati Brands)

After graduating from Austrian High School, Mr. Atılğan obtained his undergraduate degree from Yıldız Technical University Mechanical Engineering and his graduate degree from Koç University Department of Management. Starting his career at the Koç Group as the Purchasing Engineer at Arçelik-LG Air Conditioning Plant, Mr. Atılğan acted as the Purchasing and Planning Team Leader between 2008-2012 and as the Purchasing Manager between 2008 and 2012. After working at Zer Merkezi Hizmetler ve Ticaret A.Ş. as Business Development and Sales Manager between 2015 and 2018 and as Sales Director between 2018 and 2020, Mert Atılğan started his career at Otokoç Otomotiv as Retailing Director Responsible for Otokoç (Fiat, Alfa Romeo, Jeep and Maserati). He is a member of the İstanbul Chamber of Commerce.

Tanıl Akçaoğlu
Director
Otokoç Car Retailing
(Ford, Ford Trucks and Volvo Brands)

Tanıl Akçaoğlu received a B.Sc. in Industrial Engineering from Dokuz Eylül University in 1998. Having worked as Regional Sales Executive at Renault Mais A.Ş., he was appointed to Otokoç Otomotiv as Sales Manager in 2004. He assumed the branch manager position in Ankara, İstanbul-European Side, and İstanbul-Asian Side between 2008 and 2017. Mr. Akçaoğlu is serving as the Retailing Director of Otokoç since 2018. He is a member of the İzmir Chamber of Commerce.

Dr. Erdal Kemikli
Director
Technology and Strategy

Erdal Kemikli received his B.Sc. in Computer Engineering from Boğaziçi University in 1989, his M.Sc. in the same discipline from Ege University in 1991, and his Ph.D. from İstanbul Technical University in 2004. Having held different positions at Koç Sistem A.Ş. between 1996 and 1999, he was appointed as Otokoç Otomotiv Information Technology Manager in 2001. Later, he functioned as Information Technology and Process Manager, and Information Technology and Innovation Manager. He has been serving as Technology and Strategy Director since 2019. He is a member of the Quality Association of Turkey.

Birkan Çalışkan
Director
2nd Hand and Fleet Operations

After his graduation from İstanbul Technical University, Department of Chemistry in 1995, he completed his MBA at Maltepe University. He attended programs on Leadership and Strategy at Harvard Business School and Oxford University. Çalışkan started his career in 1998 and has held various positions in companies from different sectors. Since 2003, he has worked at Otokoç Otomotiv as Sales Manager, Branch Manager, 2nd Hand, and Fleet Operations Manager, respectively. He currently serves as 2nd Hand and Fleet Operations Director at Otokoç Otomotiv. He is also a member of the İstanbul Chamber of Commerce.

2022 ASSOCIATED COMPANY REPORT

2022 Associated Company Report prepared by Otokoç Otomotiv Tic. ve San. A.Ş. Board of Directors pursuant to Article 199 of the Turkish Commercial Code

Conclusion

Pursuant to Article 199 of the Turkish Commercial Code No. 6102 that went into force on 1 July 2012, Otokoç Otomotiv Board of Directors is obliged to prepare, within the first three months of the operating year, a report on the Company's relations with its controlling shareholders and their associated companies for the previous operating year, and to include the conclusion section of this report in the annual report.

Otokoç Otomotiv Ticaret ve San. A.Ş. Board of Directors report of 15 February 2022 reads as follows: "In all transactions conducted in 2022 with Otokoç Otomotiv's controlling shareholder and its associated companies, based on the circumstances and conditions known to us at the time the transaction was conducted, measures were taken or avoided; it was concluded that an appropriate counter-action had been taken in each transaction and that no measure was taken or avoided that would injure the Company, and accordingly, that no compensatory transactions or measures needed to be taken."

RISK MANAGEMENT AND INTERNAL AUDIT

The primary mission of the Internal Audit Department is to:

- Proactively provide the necessary expertise for developing the internal control system, risk management, and corporate governance practices across the entire Otokoç business network and contribute to the achievement of the Company's corporate and economic targets,
- Deliver internal audit activities as an independent and objective audit and consultancy service so as to contribute value to the organization's operations and build on these operations.

The approach of the Internal Audit Department is as follows:

- Work in line with Otokoç's needs and strategies using International Standards on Internal Audit,
- Ensure audit efficiency and productivity through the identification of priority processes and areas with a proactive, risk-focused approach, and plan the audits in this direction,
- Carry out field initiatives for deriving findings that will rectify the system and processes and ensure permanent effectiveness instead of dealing with exceptions and errors,
- Provide value-added economic and practicable suggestions that are aligned with the principles of digitalization and becoming a global player,
- Ensure accurate, objective, clear, concise, and constructive reporting, which is also in line with the corporate culture.-

The duties of the Internal Audit Department are defined as conducting audits, examinations and/or offering consultancy to develop recommendations against internal, and/or external risks with the purpose of protecting the Company's rights and interests.

- 1. Process Audit:** Process audit is a type of audit in which all activities with targeted results are evaluated by processes within an input/output flow for the realization of the Company's operations, and where the internal control design within the process, as well as the efficiency and effectiveness of the process steps, are evaluated. This audit type is intended to strengthen process development and internal control, and the audit universe created assesses all process steps across the Otokoç business network.
- 2. Operations Audit:** Operations audit is a type of audit where business lines with field operations, such as Retailing, After-Sales, Rental, and Spares are assessed uniformly within a predetermined audit schedule. This audit type is intended to ensure alignment between the Head Office and the field, deploy standards and internal control steps across the organization, allocate shared working culture, and identify/prevent abuses. Besides policies, procedures, and guidelines that make an important part of the internal control system and are incorporated in workflows, an annual internal audit program that also addresses the Company's operations is implemented, and revised at the end of each year.
- 3. Examination/Investigation:** Examination/investigation is a type of audit where abuses, customer complaints, and/or ethical violations are assessed. The main goal of these activities is to deploy ethical practices across the entire organization and to support corporate culture. Any reports and complaints about the Company's activities that are received by the Company are considered and examined by the internal audit, and finalized by the Discipline Committee or result in disciplinary processes, if necessary.

RISK MANAGEMENT AND INTERNAL AUDIT

4. Consultancy: This heading covers activities, whose scope and goals are set by the request owner, and whose outcomes are based on an output.

When offering the related services, the following duties are fulfilled with the aim of helping the Company grow, develop and achieve its targets:

- a) Verify the compliance of internal control systems in place at all the business units covered within the Company's Head Office, field organization, and all overseas enterprises with internal guidelines and code of ethics, as well as the adequacy and efficiency of risk management practices; prepare audit plans and programs; conduct audits in accordance with the risk-based annual internal audit plan,
- b) Follow up the practices associated with Internal Audit reports, monitor and report whether tasks and transactions are carried out within the frame of the agreements reached, guidelines and instructions provided,
- c) Perform examinations, inquiries, and investigations about specific duties delegated by the Senior Management and report the outcomes,
- d) Supervise the implementation of the Company guidelines and directives and ensure that they remain in effect; suggest revisions as and when needed,
- e) Inform the Senior Management about the adequacy of audit activities and internal control system; follow up related requests and suggestions,
- f) Present recommendations to the Senior Management for added-value generation purposes, such as achievement of the Company's goals, increasing share value, improving internal processes and activities, enhancing service quality and customer satisfaction, and so on.

The mission, approach, and duties described above have been fulfilled also in 2022, and the activities were brought to completion through concise reports and value-added recommendations for corporate governance, internal control and risk management purposes.

We considered the Continuous Audit structure as an important source that increases audit efficiency with the effective use of human resources and the positive impact of technological developments along with control consciousness. In 2022, we continued conducting our remote audits.

As always, we assessed our significant risks under Audit and Risk Committee structure and completed our domestic and international audits. Additionally, we realized new technology investments to increase the effectiveness of monitoring control systems at our services with the leadership of the Internal Audit department.

The financial statements resulting from the Company's operations were independently audited by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

OTHER FINANCIAL DISCLOSURES

The Company's Capital Adequacy

The Company's existing shareholders' equity was worth TL 11,063 million as of year-end 2022; the Company's capital is maintained and it is not over-indebted.

Achievement of Company Goals and Implementation of the General Assembly Resolutions

At the General Assembly Meeting convened during 2022, it was resolved not to distribute dividends for the year 2021.

The Company performed in line with the 2022 budget targets presented to the Board of Directors. As stated in the following sections of the report, it will be proposed not to distribute dividends to the General Assembly.

Profit Appropriation Policy

The following proposition will be presented to the General Assembly:

- Total asset-liabilities based on the balance sheet prepared in accordance with TFRS is TL 42,140 million and total asset-liabilities based on the balance sheet prepared in accordance with Turkish Tax Rules is TL 18,694,481,687.52,
- Net income for the period based on financial reports prepared in accordance with TFRS is TL 4,633 million and net income for the period based on financial reports prepared in accordance with Turkish Tax Rules is TL 738,336,330.49,
- Thus, out of the profit calculated in accordance with Turkish Tax Rule, prior year losses of TL 75,846,880.3 will be deducted, TL 13,582,186.52 of legal reserve, which is mandatory, will be set aside in accordance with Article 519 of Turkish Commercial Code, TL 791,801,319.52 which is exempt from corporate tax in accordance with Article 5/1-j of Corporate Tax Law numbered 5520 will be transferred to a fund account within equity and the remaining TL 142,894,055.85 will be transferred to Accumulated Losses,
- TL 4,428 million of the parent company's share of income on financial reports prepared in accordance with TFRS will be transferred to Extraordinary Reserves.

Investments

The Company's investments as of year-end 2022 amounted to TL 14,605 million.

Risks and Assessment by the Management Body

The Risk Management Policy: In weekly review meetings and Company coordination meetings, the Company monitors the market, general economic position, and the factors with a potential impact on the Company's financial structure; analyzes the deviations in actualizations versus the budget targets, and takes steps for taking necessary measures forthwith.

Forward-Looking Risks:

The potential changes in the fiscal and monetary policies take the top spot among the Company's forward-looking risks. Possible increases in Special Consumption Tax, in particular, are of a nature to directly impact the Company's sales.

Due to Central Bank's sensitivity to ensuring and sustaining price stability, it is possible that it may make changes in interest rates. Potential changes in interest rates are deemed as an element affecting demand in automotive.

Other Matters

No material events took place after the end of the fiscal year, which are of a nature to affect the rights of the shareholders, creditors, and other related individuals and establishments.

OTHER FINANCIAL DISCLOSURES

Financial Rights Provided to the Members of the Management Body and Senior Executives

The total amount of benefits provided to the Company's Board of Directors members and the senior management as remuneration, attendance fee, and bonus is TL 58,950 thousand.

Allowances, travel, accommodation and entertainment expenses, means in kind and in cash, insurance and similar guarantees made available to the Company's Board of Directors members and senior management have not been disclosed as they do not add up to a significant amount.

Charitable Donations and Aids

The Company's charitable donations during 2022 totaled TL 24,557 thousand.

Special and Public Audit

As the Company is subject to independent audit pursuant to the Turkish Commercial Code no. 6102 and applicable legislation, it has been independently audited by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in the context of the Turkish Accounting Standards and Turkish Auditing Standards. A positive opinion has been given in the resulting independent audit report by the partner of the independent audit firm PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and thus confirmed that the Company's financial statements conform to the standards published by the Capital Markets Board of Türkiye and the Turkish Accounting Standards.

Lawsuits Initiated Against the Company and Possible Outcomes

There is litigation initiated against the Company. The Company did not deem it necessary to set aside provisions.

Acts Contradicting with Regulatory Provisions and Outcomes

No administrative or judicial sanctions were imposed against the Company or the members of its management body on account of acts contradicting regulatory provisions.

Additional Information

No changes occurred in the shareholding ratio in the Company's subsidiaries, namely Otokoç Sigorta Aracılık Hizmetleri A.Ş., Otokoç ABG Holland BV, Otokoç Otomotiv Tic. ve San. Kazakhstan LLP, Otokoç Irak LLC, Otokoc Hungary Rent a Car and Servicing Limited Liability Company, Otokoç Georgia LLC, Otokoç Azerbaijan LLC, and Otokoç Ukraine LLC.

None of Otokoç Sigorta Aracılık Hizmetleri A.Ş., Otokoç Azerbaijan LLC, Otokoç Otomotiv Tic. ve San. Kazakhstan LLP, Otokoç Irak LLC, Otokoc Hungary Rent a Car and Servicing Limited Liability Company, Otokoç Georgia, Otokoç Ukraine LLC and Otokoç ABG Holland BV has a stake in the capital of Otokoç Otomotiv Ticaret ve Sanayi A.Ş.

Although Otokoç does not have any subsidiaries, Cronus Finance DAC, the special purpose entity that was incorporated for the execution of the securitization deal, was included in the consolidation as of 31 December 2020. In 2022, the Company became a 15% shareholder of WAT Mobilite Çözümleri Teknoloji ve Ticaret A.Ş. and a 10% shareholder of Bluedot Technologies Inc.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CMB COMMUNIQUÉ SERIAL II-14.1. ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION DATE AND NO. REGARDING THE APPROVAL OF FINANCIAL STATEMENTS RESOLUTION DATE: 8 February 2023 RESOLUTION NUMBER: 2023/03

We hereby present for your information that, in line with the Capital Markets Board of Türkiye (CMB) Regulations, and within the framework of the information available to us in connection with our roles and responsibilities in the Company, the consolidated financial statements, income statement, comprehensive income statement, statement of cash flow, statement of changes in equity and their footnotes for the period 01 January 2022 - 31 December 2022, which have been drawn up by our Company in accordance with the Turkish Financial Reporting Standards (TFRS) and with the formats determined by the CMB pursuant to the CMB Communiqué Serial: II-14-1 on Principles of Financial Reporting in Capital Markets, and which have been independently audited by the independent auditor PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.;

- have been reviewed by us;
- do not contain any inaccuracies in all material respects and are free of omissions that may be misleading as of the issue date;
- the financial statements prepared pursuant to the Communiqué present a true and fair view of the assets, liabilities, financial position, and profit/loss of the Company as well as of consolidated subsidiaries.

We hereby acknowledge and represent that we are responsible for the statement made.

Sincerely,

İnan Ekici

CEO and the Member of the
Board of Directors Responsible for
Financial Reporting

Mehmet Önder Kutman

CFO

Aysel Ayçiçek

Budget Reporting Manager

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY PREPARED PURSUANT TO ARTICLE 9 OF THE CMB COMMUNIQUÉ SERIAL II-14.1. ON THE PRINCIPLES OF FINANCIAL REPORTING IN THE CAPITAL MARKETS

THE BOARD OF DIRECTORS' RESOLUTION DATE AND NO. REGARDING THE APPROVAL OF THE ANNUAL REPORT
RESOLUTION DATE: 22 February 2023
RESOLUTION NUMBER: 2023/05

Our 2022 annual report prepared by the Company in accordance with the Turkish Commercial Code and the Capital Markets Board of Türkiye (CMB) Communiqué Serial: II-14.1 on Principles of Financial Reporting in Capital Markets (the Communiqué) and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is presented in attachment. We hereby present for your information that, in accordance with the CMB regulations and within the frame of the information available to us in connection with our duties and responsibilities in the Company, the Annual Report prepared by our Company,

- has been reviewed by us,
- does not contain any inaccuracies in all material respects and is free of omissions that might be misleading as of the issue date,
- fairly represents the progress and performance of the business, the financial position of the Company together with that of consolidated subsidiaries, as well as material risks and volatilities faced with,

We hereby acknowledge and represent that we are responsible for the statement made.

Sincerely,

İnan Ekici

CEO and the Member of the
Board of Directors Responsible for
Financial Reporting

Mehmet Önder Kutman

CFO

Aysel Ayçiçek

Budget Reporting Manager

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(Convenience translation into english of consolidated financial statements originally issued in Turkish)

General Information

Management Structure

Otokoç Otomotiv in 2022

General Assembly Information

Corporate Governance

Financial Reports

INDEPENDENT AUDITOR'S REPORT



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

To the General Assembly of Otokoç Otomotiv Ticaret ve Sanayi A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Otokoç Otomotiv Ticaret ve Sanayi A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

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

2. Basis for opinion

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

3. Key audit matters

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

INDEPENDENT AUDITOR'S REPORT

| Key Audit Matters | How the key audit matter was addressed in the audit |
|---|--|
| Residual value calculation (Notes 2, 7, and 9) | |
| <p>The residual value of assets used in operational lease is the amount expected to be recovered when such assets are sold at the end of the leasing period, including any costs to sell.</p> <p>Group determines the residual value based on the past sales and market prices by taking into consideration the perspectives of sales personnel.</p> <p>Residual value calculation is determined to be a key audit matter since it is material to the financial statements and involves management estimations.</p> | <ul style="list-style-type: none"> - The estimation regarding the calculation of the residual value of assets used in operational lease and the related processes are inquired with the process owners and the parameters used in such estimations are understood. - Residual values of assets used in operational lease at the end of the lease period were compared to actual sales at the end of the lease period to test whether the estimated residual value is consistent with actual sales. - The residual values of the vehicles selected by sampling are compared with the market prices of the vehicles of similar brands, models and kilometers and appropriateness of the residual values is assessed considering the current economic circumstances. |

4. 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.

5. 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 scepticism throughout the audit. We also:

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

Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

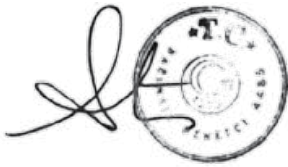
B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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



Sertu Tali, SMMM
Partner

Istanbul, 8 February 2023

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OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

(Convenience translation into english of financial statements originally issued in Turkish)

| | Notes | <i>Audited</i> 31 December 2022 | <i>Audited</i> 31 December 2021 |
|-----------------------------------|-------|------------------------------------|------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 5,402,593 | 1,560,579 |
| Trade receivables | | 4,632,969 | 2,436,531 |
| - Due from related parties | 5 | 147,000 | 115,055 |
| - Due from third parties | 5 | 4,485,969 | 2,321,476 |
| Other receivables | | 119,314 | 110,494 |
| - Due from related parties | 23 | 97,692 | 100,050 |
| - Due from third parties | 13 | 21,622 | 10,444 |
| Inventories | 6 | 2,792,128 | 1,256,614 |
| Derivative instruments | 25 | 66,129 | - |
| Prepaid expenses | 10 | 485,161 | 251,230 |
| Current period tax assets | 22 | 3,449 | - |
| Other current assets | 9 | 6,221,938 | 3,130,629 |
| Total current assets | | 19,723,681 | 8,746,077 |
| Non - current assets | | | |
| Trade receivables | | 225,782 | 209,275 |
| - Due from third parties | 5 | 225,782 | 209,275 |
| Other receivables | | 48,021 | 99,315 |
| - Due from related parties | 23 | 29,860 | 86,762 |
| - Due from third parties | | 18,161 | 12,553 |
| Financial investments | 25 | 27,239 | 3,580 |
| Derivative instruments | 25 | 7,950 | - |
| Property, plant and equipment | 7 | 21,855,512 | 12,181,206 |
| Intangible assets | 8 | 251,994 | 172,916 |
| Other non-current assets | | 299 | 494 |
| Total non - current assets | | 22,416,797 | 12,666,786 |
| TOTAL ASSETS | | 42,140,478 | 21,412,863 |

The accompanying notes, are an integral part of these consolidated financial statements

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

(Convenience translation into english of financial statements originally issued in Turkish)

| | Notes | Audited 31 December 2022 | Audited 31 December 2021 |
|---|-------|-----------------------------|-----------------------------|
| LIABILITIES | | | |
| Current liabilities | | | |
| Short term financial liabilities | 4 | 2,739,868 | 1,989,702 |
| Short-term portion of long-term financial liabilities | 4 | 3,474,037 | 1,537,442 |
| Trade payables | 5 | 8,134,955 | 3,421,722 |
| - Due to related parties | 23 | 5,277,900 | 2,198,795 |
| - Due to third parties | 5 | 2,857,055 | 1,222,927 |
| Employee benefit obligations | 11 | 151,235 | 70,195 |
| Other payables | 13 | 1,067,913 | 529,988 |
| - Other payables to third parties | 13 | 1,067,913 | 529,988 |
| Deferred income | 12 | 23,645 | 17,107 |
| Current income tax liabilities | 22 | 10,587 | 13,124 |
| Short term provisions | | 486,464 | 197,722 |
| - Short-term provisions for employee benefit | 15 | 119,633 | 62,799 |
| - Other short-term provisions | 15 | 366,831 | 134,923 |
| Total current liabilities | | 16,088,704 | 7,777,002 |
| Non - current liabilities | | | |
| Long term financial liabilities | 4 | 12,895,756 | 7,151,707 |
| Long term provisions | | 230,993 | 99,193 |
| - Long-term provisions for employee benefit | 15 | 230,993 | 99,193 |
| Deferred tax liability | 22 | 1,861,956 | 877,462 |
| Total non - current liabilities | | 14,988,705 | 8,128,362 |
| Total liabilities | | 31,077,409 | 15,905,364 |
| Equity | | | |
| Paid-in share capital | 16 | 136,000 | 136,000 |
| Effect of transactions under common control | | (1,606) | (1,606) |
| Inflation adjustment to share capital | | 38,373 | 38,373 |
| Other comprehensive income/(expense) not to be reclassified to profit or loss | | (91,172) | (27,389) |
| - Actuarial gain/(loss) | | (91,172) | (27,389) |
| Other comprehensive income/(expense) to be reclassified to profit or loss | | 1,368,035 | 827,297 |
| - Currency translation differences | | 1,739,773 | 1,051,221 |
| - Gains/losses on hedge of net investment in foreign operations | | (407,298) | (223,924) |
| - Cash flow hedge fund | | 35,560 | - |
| Retained earnings | | 3,454,877 | 1,851,918 |
| Net profit for the year | | 4,427,627 | 1,601,057 |
| Equity holders of the parent | | 9,332,134 | 4,425,650 |
| Non-controlling interest | | 1,730,935 | 1,081,849 |
| Total equity | | 11,063,069 | 5,507,499 |
| TOTAL LIABILITIES AND EQUITY | | 42,140,478 | 21,412,863 |

The accompanying notes, are an integral part of these consolidated financial statements

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

(Convenience translation into english of financial statements originally issued in Turkish)

| | Notes | <i>Audited</i> 1 January - 31 December 2022 | <i>Audited</i> 1 January - 31 December 2021 |
|---|-------|---|---|
| Revenue | 17 | 42,556,413 | 19,261,615 |
| Cost of sales (-) | 18 | (32,852,405) | (15,251,808) |
| Gross profit | | 9,704,008 | 4,009,807 |
| Marketing expenses (-) | 18 | (1,431,497) | (670,609) |
| General and administrative expenses (-) | 18 | (1,223,779) | (528,520) |
| Other operating income | 19 | 61,978 | 32,974 |
| Other operating expense (-) | 19 | (314,488) | (145,168) |
| Operating profit | | 6,796,222 | 2,698,484 |
| Income from investment activities | 20 | 102,048 | 27,001 |
| Other expenses from investment activities (-) | | (608) | (292) |
| Operating income before financial income/(expense) | | 6,897,662 | 2,725,193 |
| Financial income | 21 | 535,810 | 154,458 |
| Financial expenses (-) | 21 | (1,909,063) | (855,125) |
| Profit from continuing operations before tax | | 5,524,409 | 2,024,526 |
| Tax expense from continuing operations | | (891,020) | (331,832) |
| - Current tax expense (-) | 22 | 17,347 | (37,215) |
| - Deferred tax expense | 22 | (908,367) | (294,617) |
| Net profit for the period | | 4,633,389 | 1,692,694 |
| Net profit for the period attributable to | | | |
| Non-controlling interest | | 205,762 | 91,637 |
| Equity holders of the parent | | 4,427,627 | 1,601,057 |

The accompanying notes, are an integral part of these consolidated financial statements

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

(Convenience translation into english of financial statements originally issued in Turkish)

| | Notes | <i>Audited</i> 1 January - 31 December 2022 | <i>Audited</i> 1 January - 31 December 2021 |
|--|-------|---|---|
| Net profit for the period | | 4,633,389 | 1,692,694 |
| Other comprehensive income: | | | |
| Items not to be reclassified to profit or loss | | | |
| - Actuarial gain/(loss) arising from employee benefits | | (79,729) | (7,503) |
| Items not to be reclassified to profit or loss taxes relating to other comprehensive income | | | |
| - Deferred tax effect of actuarial gain arising from employee benefits | | 15,946 | 1,502 |
| Items to be reclassified to profit or loss | | | |
| - Currency translation differences | | 1,133,778 | 1,059,826 |
| - Losses on hedge of net investment in foreign operations | | (229,217) | (150,196) |
| - Gains on cash flow hedge fund | | 35,560 | - |
| Items to be reclassified to profit or loss taxes relating to other comprehensive income | | | |
| - Gains/losses on hedge of net investment in foreign operations, tax effect | | 45,843 | 30,039 |
| Other comprehensive income | | 922,181 | 933,668 |
| Total comprehensive income | | 5,555,570 | 2,626,362 |
| Attributable to | | | |
| Non-controlling interest | | 649,086 | 499,568 |
| Equity holders of the parent | | 4,906,484 | 2,126,794 |

The accompanying notes, are an integral part of these consolidated financial statements

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

(Convenience translation into english of financial statements originally issued in Turkish)

| | Paid-in share capital | Inflation adjustment to share capital | Impact of business combination under common control transactions | Other comprehensive income/(expense) not to be reclassified to profit or loss |
|----------------------------|--------------------------|---|---|--|
| | | | | Actuarial gain/(loss) |
| 1 January 2021 | 136,000 | 38,373 | (1,606) | (21,388) |
| Transfers | - | - | - | - |
| Dividends | - | - | - | - |
| Total comprehensive income | - | - | - | (6,001) |
| 31 December 2021 | 136,000 | 38,373 | (1,606) | (27,389) |
| 1 January 2022 | 136,000 | 38,373 | (1,606) | (27,389) |
| Transfers | - | - | - | - |
| Total comprehensive income | - | - | - | (63,783) |
| 31 December 2022 | 136,000 | 38,373 | (1,606) | (91,172) |

The accompanying notes, are an integral part of these consolidated financial statements

| Other comprehensive income/(expense) to be reclassified to profit or loss | | Retained earnings | | Equity holders of the parent | Non controlling interest | Total equity |
|---|----------------------------------|-------------------|---------------------------|------------------------------|--------------------------|--------------|
| Hedging losses | Currency translation differences | Retained earnings | Net profit for the period | | | |
| (103,767) | 399,326 | 1,070,858 | 781,060 | 2,298,856 | 583,231 | 2,882,087 |
| - | - | 781,060 | (781,060) | - | - | - |
| - | - | - | - | - | (950) | (950) |
| (120,157) | 651,895 | - | 1,601,057 | 2,126,794 | 499,568 | 2,626,362 |
| (223,924) | 1,051,221 | 1,851,918 | 1,601,057 | 4,425,650 | 1,081,849 | 5,507,499 |
| (223,924) | 1,051,221 | 1,851,918 | 1,601,057 | 4,425,650 | 1,081,849 | 5,507,499 |
| - | - | 1,601,057 | (1,601,057) | - | - | - |
| (147,814) | 688,552 | 1,902 | 4,427,627 | 4,906,484 | 649,086 | 5,555,570 |
| (371,738) | 1,739,773 | 3,454,877 | 4,427,627 | 9,332,134 | 1,730,935 | 11,063,069 |

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

(Convenience translation into English of financial statements originally issued in Turkish)

| | Notes | <i>Audited</i> 1 January - 31 December 2022 | <i>Audited</i> 1 January - 31 December 2021 |
|--|---------|---|---|
| A. Cash flows from operating activities | | 10,205,132 | 4,667,823 |
| Net profit for the period | | 4,633,389 | 1,692,694 |
| Adjustments related to net profit reconciliation | | 4,725,944 | 2,848,019 |
| Adjustments for depreciation and amortisation expense | 7,8 | 1,958,567 | 1,032,773 |
| Adjustments for impairment | | | |
| - Adjustment for impairment of trade receivable | 5 | 77,783 | 29,640 |
| - Adjustment for employment termination benefits | | 449,824 | 211,562 |
| - Adjustment for other provisions | 15 | 231,908 | 93,505 |
| Adjustments for interest expense | 21 | 1,825,674 | 754,880 |
| Adjustments for interest income | 21 | (478,859) | (86,230) |
| Adjustments related to unrealized foreign currency translation differences | | (132,544) | 504,636 |
| Adjustments for losses (gains) on sales of property plant and equipment, net | 20 | (97,429) | (24,579) |
| Adjustments related to tax expenses | 22 | 891,020 | 331,832 |
| Changes in working capital | | 1,212,923 | 335,885 |
| Adjustments for decrease (increase) in trade receivables | | | |
| - (Increase)/decrease in due from related parties | | (31,945) | (80,907) |
| - (Increase)/decrease in third parties | | (2,467,469) | (223,544) |
| Adjustments for decrease/(increase) in other receivables related to operations | | | |
| - Decrease/(increase) in other receivables related to operations from related parties | | 59,260 | (71,965) |
| - Decrease / (increase) in other operating-related receivables from third parties | 154,334 | (5,962) | |
| Adjustments for decrease/(increase) in derivative assets | | (74,079) | 15,955 |
| Adjustments for decrease/(increase) in inventories | | (1,535,514) | 80,582 |
| Adjustments for decrease/(increase) in prepaid expenses | | (233,931) | (112,808) |
| Adjustments for increase/(decrease) in trade payables | | | |
| - Increase/(decrease) in due to related parties | | 3,079,105 | (61,602) |
| - Increase/(decrease) in third parties | | 1,634,128 | 107,128 |
| Increase/(decrease) in payables related to employee benefits | | 84,571 | 29,718 |
| Adjustments related to increase (decrease) in other payables related to operations | | | |
| - Increase/(decrease) in third parties | | 537,925 | 258,405 |
| Changes in deferred income | | 6,538 | 2,585 |
| Adjustments for other increase/(decrease) in working capital | | - | 398,300 |
| Cash flows from operations | | 10,572,256 | 4,876,598 |
| - Changes in payables to employee benefits | | (355,896) | (180,224) |
| - Tax payments | | (11,228) | (28,551) |
| B. Cash flows from investing activities | | (11,558,956) | (5,042,636) |
| Purchase of property, plant and equipment and intangible assets | 7 | 3,046,479 | 1,464,680 |
| Proceeds from sales of property, plant and equipment and intangible assets | 7,8 | (14,605,435) | (6,507,316) |
| C. Cash flows from financing activities | | 4,844,976 | 764,878 |
| Proceeds from borrowings | 4 | 11,970,681 | 3,048,010 |
| Repayments of borrowings | 4 | (6,015,826) | (1,697,642) |
| Interest paid | | (1,502,794) | (623,393) |
| Interest income | | 478,859 | 86,230 |
| Dividend paid | | - | (950) |
| Cash outflows related to debt payments arising from lease agreements | 4 | (85,944) | (47,377) |
| Net increase in cash and cash equivalents before effects of foreign currency conversion adjustments | | 3,491,152 | 390,065 |
| D. Effects of foreign currency conversion adjustments on cash and cash equivalents | | 297,420 | 145,561 |
| Net increase/(decrease) in cash and cash equivalents (A+B+C+D) | | 3,788,572 | 535,626 |
| E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 1,505,535 | 969,909 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E) | | 5,294,107 | 1,505,535 |

The accompanying notes, are an integral part of these consolidated financial statements

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)
(Convenience translation into English of financial statements originally issued in Turkish)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Otokoç Otomotiv Ticaret ve Sanayi A.Ş. ("Otokoç" or "Company") was established in Turkey on 22 June 2001. The Company's business activities are to provide the brokerage service to sale of all kinds of motor vehicles and its spare parts and to lease all kinds of road and transport vehicles. Commercial operations of motor vehicle and services of car rental are performed by Otokoç-Ford, Otokoç-Fiat and Avis, Avis Filo, Avis Karavan, Avis Maestro, Budget, Zipcar, Lastick and Payless brands, used cars activities Otokoç İkinci El brand, spare parts sales Otokoç Parça and insurance services are also provided under the Otokoç Sigorta brand.

The Company has 51 branches in Turkey and 277 offices (92 Avis, 61 Budget and 124 Zipcar points) and 61 rental offices worldwide.

Registered address of Otokoç is Aydınevler Mah. Saygı Cad. No: 60 Küçükyalı, Maltepe, İstanbul.

The consolidated subsidiaries of the Company as of 31 December 2022 and 2021 are as follows:

| Company name | Field of activity | Final rate | |
|---|--------------------------------|------------------|------------------|
| | | 31 December 2022 | 31 December 2021 |
| Otokoç ABG Holland B.V. ("Otokoç Hollanda") | Investment | 60% | 60% |
| Olympic Commercial and Tourist Enterprises S.A. ("Olympic") | Car rental and trade | 60% | 60% |
| Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta") | Insurance intermediary service | 50% | 50% |
| Otokoç Azerbaycan MMC | Lease | 100% | 100% |
| Otokoç Hungary KFT | Lease | 100% | 100% |
| Cronus Finance DAC ⁽¹⁾ | Special purpose business | - | - |
| Otokoç Kazakistan LLP ⁽²⁾ | Lease | 100% | - |

⁽¹⁾ Although it is not a subsidiary of Otokoç, the special purpose enterprise established to ensure the securitization process has been included in the scope of consolidation as of 31 December 2022.

⁽²⁾ The Company has been included in the scope of consolidation as of 1 January 2022.

Otokoç and its consolidated subsidiaries will be referred to as the "Group" in the condensed consolidated financial statements.

The Company's main shareholder is Koç Holding A.Ş. Additionally; the ultimate parent of the Company is Koç family.

The number of employees of the Group as of 31 December 2022 is 3,073 (31 December 2021: 2,825).

The consolidated financial statements of the Group as of and for the year ended 31 December 2022 has been approved for issue by the top management of the Group on behalf of Board of Directors on 8 February 2023. The General Assembly and various regulatory bodies have the right to amend the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The main accounting policies applied in the preparation of the consolidated financial statements are as follows:

2.1 Basis of presentation

2.1.1 Accounting policies

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

Consolidated financial statements have been presented in accordance with the formats announced by the POA on April 15, 2019 ("TAS Taxonomy Announcement") and in the Financial Statement Samples and Usage Guidelines issued by the CMB.

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards ("TFRS") will apply TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 31 December 2022. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies, Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the consolidated financial statements, POA did not make an additional announcement and no adjustment was made to the consolidated financial statements in accordance with TAS 29.

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)
(Convenience translation into English of financial statements originally issued in Turkish)

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

2.1 Basis of Presentation (Continued)

Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 TRY, which is the functional currency of the company and the presentation currency of the Group.

In order to prepare the accompanying consolidated financial statements and disclosures, monetary balance sheet accounts of the foreign subsidiaries in financial statements were converted to Turkish Lira using year end exchange rate as required by TAS 21 while non-monetary balance sheet, profit and loss and cash flow items were translated to Turkish Lira using the yearly average rate.

Financial statements of Otokoç Azerbaijan MMC prepared in Manat, which is the functional currency, has been converted to TRY, which is the presentation currency of consolidated financial statements, as follows;

- As of 31 December 2022 asset and liability accounts has been converted to TRY as 1 Manat (AZN) = 11.00 TRY which is buying rate of T.C. Central Bank on 31 December 2022. (31 December 2021: 1 Manat(AZN) = 7.60 TRY).
- The income statement accounts has been converted to TRY using the average rate of years.

Financial statements of Otokoç Hungary KFT prepared in Hungarian Forint, which is the functional currency, has been converted to TRY, which is the presentation currency of consolidated financial statements, as follows;

- As of 31 December 2022 asset and liability accounts has been converted to TRY as 1 Hungarian Forint (HUF) = 0.50 TRY which is buying rate of T.C. Central Bank on 31 December 2022. (31 December 2021: 1 Hungarian Forint=0.41 TRY).
- The income statement accounts has been converted to TRY using the average rate of years.

Financial statements of Otokoç Hollanda prepared in Euro, which is the functional currency, has been converted to TRY, which is the presentation currency of consolidated financial statements, as follows;

- As of 31 December 2022 asset and liability accounts has been converted to TRY as 1 Euro (EUR) = 19.9349 TRY which is buying rate of T.C. Central Bank on 31 December 2022 (31 December 2021: 1 Euro=14.6823 TRY).
- The income statement accounts has been converted to TRY using the average rate of years.

Financial statements of Otokoç Kazakistan LLP prepared in Tenge, which is the functional currency, has been converted to TRY, which is the presentation currency of consolidated financial statements, as follows;

- As of 31 December 2022 asset and liability accounts has been converted to TRY as 1 Tenge (KZT) = 0.40 TRY which is buying rate of T.C. Central Bank on 31 December 2022 (31 December 2021: 1 Tenge =0.30 TRY).
- The income statement accounts has been converted to TRY using the average rate of years.

Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are included in the "currency translation difference" under the shareholders' equity.

Based on the Capital Market Board's(CMB)decision dated 17 March 2005 and numbered 11/367, unrealized objective conditions that require the application of the restatement in the financial statements and the absence of the indications of realization of these conditions in the future, the latest financial statements for the year ended 31 December 2004 Turkish Accounting Standards ("TAS 29") (Financial Reporting in Hyperinflationary Economies) were subject to restatement. Therefore, non-monetary items in the financial statements as at 31 December 2022 and 31 December 2021, additions until 31 December 2004 has been restated to 31 December 2004 and additions after 31 December 2004 have been measured at their nominal value.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)
(Convenience translation into English of financial statements originally issued in Turkish)

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

2.1 Basis of Presentation (Continued)

(a) The new standards, amendments and interpretations which are effective as at 31 December 2022 are as follows:

- **Amendment to TFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
- **Amendments to TFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

(b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TFRS 16 - Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 - Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **TFRS 17, 'Insurance contracts' as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

These change has no effect on the financial status and performance of the Group.

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)
(Convenience translation into English of financial statements originally issued in Turkish)

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

2.2 Change in accounting policies

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. 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 recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. There has been no change in accounting policies for the period 1 January - 31 December 2022.

2.3 Accounting policies, changes in accounting estimates and assumptions

Judgments that have a significant effect to the financial statements and assumptions that are made by taking into consideration of events which are existential as of the reporting date or possible to occur in foreseeable future are as follows:

- a) The Group management has important assumptions about the experience of the technical team in determining the second hand vehicle sales values at the end of the lease period of the vehicles in the tangible fixed assets that are leased by the operational leasing. The difference between the cost values of these vehicles and the second-hand sales values is amortized over the lease contracts. Accordingly, the management periodically reviews the value estimates to ensure that the estimated amounts are appropriate. The vehicle value estimated at the end of the rental period is residual value. The residual value at the end of the lease term may be different from the market value and is considered to be a market risk. Residual value is influenced by external factors. The effect of exchange rate changes on vehicles used and shaped, consumer preferences, instruments traded in foreign currencies, and general economic conditions affect market prices and are managed to a point. In determining the residual value, the Group uses the prices generated in the market database and the values realized in its own vehicle sales. Residual value is estimated by monitoring and analyzing sales profits to manage value risk of residual value (Note 7).
- b) The retirement pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates) (Note 15).
- c) Group management makes provision for litigation in accordance with assessment of Group's lawyers to for the probability of losing cases for legal cases issues which have been brought against the Group and still going on (Note 15).
- d) The Group has significant assumptions about the experience of the past year and the experience of the technical team for the estimated repair price and the selling price of damaged vehicles. The Group accounts provision for the difference between the net book value of the impaired vehicles and the loss exposures and estimated sales figures of the Group's damaged vehicles based on past experience (Note 15).
- e) Provision for doubtful receivables represents the amounts that the management believes will compensate future losses on receivables that are present but have a risk of not being collected within the current economic conditions as of the balance sheet date. Provision for doubtful receivables is allocated for each customer and not for the whole portfolio (Note 5).
- f) The Group has presented the vehicles subject to operational lease with the lease term in the inventory account group with the plan to sell the related vehicles on the second hand vehicle market without subjecting them to a new lease contract (Note 6).

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)
(Convenience translation into English of financial statements originally issued in Turkish)

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

2.4 Summary of significant accounting policies

The significant accounting policies applied are consistent with the prior period in the preparation of the consolidated financial statements are summarized below:

2.4.1 Basis of consolidation

Consolidated financial statements, which are prepared in accordance to accounting principles that are stated below, include the accounts of the Company, Otokoç, and its subsidiary, Otokoç Insurance, Otokoç Azerbaijan MMC, Otokoç Hungary KFT, Olympic, Otokoç Kazakistan LLP, Cronus Finance and Otokoç Netherlands (named "Group") as of 31 December 2022. During the preparation of the entities' financial statements with in the scope of consolidation, necessary adjustments and reclassifications were made in accordance with Financial Reporting Standards issued by POA and accounting policies and presentation formats applied by the Group.

Subsidiaries are companies over which the Otokoç controls the financial and operating policies for the benefit of the Otokoç, either through the power to exercise more than 50% of the voting rights relating to shares in the Companies owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

The non-controlling shareholders' share in the net assets and results of Subsidiaries for the period are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. Minority rights from consolidated participations in the net assets of the consolidated subsidiary are listed as a separate item in the equity of the Company. The noncontrolling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date.

As of 31 December 2022 and 2021, direct and indirect voting rights and proportion of effective interest (%) owned by the Group are indicated below:

| Subsidiaries | 31 December 2022 | | 31 December 2021 | |
|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|--------------------------------------|
| | Direct and indirect shares (%) | Percentage of effective interest (%) | Direct and indirect shares (%) | Percentage of effective interest (%) |
| Otokoç Hollanda | 60 | 60 | 60 | 60 |
| Olympic | 60 | 60 | 60 | 60 |
| Otokoç Sigorta ⁽¹⁾ | 50 | 50 | 50 | 50 |
| Otokoç Azerbaijan MMC. | 100 | 100 | 100 | 100 |
| Otokoç Hungary Kft. | 100 | 100 | 100 | 100 |
| Otokoç Iraq LLC ⁽²⁾ | 100 | 100 | 100 | 100 |
| Otokoç Kazakistan LLP ⁽⁴⁾ | 100 | 100 | 100 | 100 |
| Otokoç Georgia LLC ⁽²⁾ | 100 | 100 | 100 | 100 |
| Otokoç Ukraine LLC ⁽²⁾ | 100 | 100 | 100 | 100 |
| Cronus Finance DAC ⁽³⁾ | - | - | - | - |

⁽¹⁾ Otokoç has the authorization and power of controlling the financial and management policies in favor of its own benefits through using its actual control effect on the financial and management policies of Otokoç Sigorta although it does not have the authority to use more than 50% of voting rights. Therefore, it is subject to full consolidation.

⁽²⁾ Otokoç - Iraq LLC, Otokoç - Kazakistan LLP, Otokoç - Georgia LLC and Otokoç - Ukraine LLC have not been included in the scope of consolidation and are classified as financial investments since they are not material to consolidated financial statements (Note 25).

⁽³⁾ Although it is not a subsidiary of Otokoç, a special purpose enterprise established for securitization is included in the scope of consolidation.

⁽⁴⁾ Included in the scope of consolidation as of 1 January 2022.

2.4.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and bank deposits, credit card receivables, and short-term, highly liquid investments that are readily convertible to definite amounts of cash with maturities equal or less than 3 months (Note 3). Cash and cash equivalents in cash flow statement comprise of cash and cash equivalents with maturities less than 3 months except for accrued interest income.

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)
(Convenience translation into English of financial statements originally issued in Turkish)

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

2.4 Summary of significant accounting policies (Continued)

2.4.3 Trade receivables and provision for impairment

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 5).

A doubtful receivable provision for trade receivables is accounted if there is objective evidence that the Group will not be able to collect all amounts due. The receivables in process of lawsuit or enforcement or in a prior stage, the customer having material financial difficulties, the receivable turning default or the possibility of material and unforeseeable delay in the future collection are included under objective evidences. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the collection amount is decreased from the doubtful receivable provisions and recorded as other income from operating activities.

The Group measures the allowance for trade receivables at an amount equal to the "expected life-time credit losses" (except for realized impairment losses) where the trade receivables are not impaired for some reason. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument. In the calculation of expected credit losses, the Group takes into account future credit loss experience as well as forecasts for the future.

The Group uses a provisioning matrix to measure the expected credit losses on trade receivables. Depending on the number of days the maturities of trade receivables are exceeded, certain maturity ratios are calculated and these ratios are reviewed at each reporting period and revised where necessary. Expected credit losses are accounted for under "other income / expense from operating activities" in the income statement.

2.4.4 Inventories

Inventories consist of second hand vehicles, brand new vehicles and spare parts. Inventories are valued at the lower of cost or net realizable value. The cost of inventories is based on moving weighted average cost and borrowing costs are not included. Vehicles subject to operational lease contracts whose contract period has been completed are transferred to the inventory account from assets used in operational lease with net book values by the end of contract termination date. The related vehicles classified under inventories are shown as second-hand vehicles in Note 6. Net realizable value is the estimated selling price in the ordinary course of business, reducing the cost of completion and the sales costs required to realize the sale.

Inventories consist of second hand vehicles, brand new vehicles and spare parts. Inventories are valued at the lower of cost or net realizable value. The cost of inventories is based on moving weighted average cost and borrowing costs are not included. Vehicles subject to operational lease contracts whose contract period has been completed are transferred to the inventory account from assets used in operational lease with net book values by the end of contract termination date. The related vehicles classified under inventories are shown as second-hand vehicles in Note 6. Net realizable value is the estimated selling price in the ordinary course of business, reducing the cost of completion and the sales costs required to realize the sale.

2.4.5 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

| | |
|-------------------------|------------|
| Buildings | 50 years |
| Machinery and equipment | 2-15 years |
| Furniture and fixtures | 2-20 years |
| Vehicles | 5 years |
| Leasehold improvements | 2-25 years |

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 recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)
(Convenience translation into English of financial statements originally issued in Turkish)

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

2.4 Summary of significant accounting policies (Continued)

2.4.5 Property, plant and equipment (Continued)

Gains or losses on disposals of property, plant and equipment are included in income/expense from investment activities.

Subsequent costs, such as repairs and maintenance or part replacement of tangible assets, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group. All other costs are charged to the statements of profit or loss during the financial year in which they are incurred.

2.4.6 Assets subject to operational lease

Assets subject to operational lease include motor vehicles of the Group, utilized in rent a car services. The Group classifies its assets used in operational lease as long-term for those which have lease contracts longer than one year and as short-term which have lease contracts shorter than one year. 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 length of the lease contracts. Vehicles whose lease periods are completed are transferred to inventory accounts on net book values under the name of second hand vehicles.

2.4.7 Intangible assets

Intangible assets include acquired use rights, information systems and other identifiable rights. Intangible assets are amortized on a straight-line basis over their estimated useful lives between 5 and 15 years.

2.4.8 Impairment of assets

The Group reviews the carrying values of assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount is the greater of net selling price and value in use. The value in use is the present value of estimated future cash flows from the continuing use of an asset or its disposal at the end of its useful life, the net sale price is the amount obtainable from the sale of an asset less the costs of disposal. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash generating unit. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. Reversal of impairment losses recognized in statement of profit or loss.

A loss on impairment of an asset is reversed if the subsequent increase in the recoverable amount of the asset can be attributed to an event that arises in subsequent periods after the impairment was recognized in the records.

2.4.9 Financial liabilities and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period. Borrowing costs are charged to the statement of profit or loss when they are incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which requires substantial period of time to get ready for its intended use or sale shall be capitalized over the cost of the asset. Other borrowing costs shall be recognized as an expense in the period it incurs.

2.4.10 Trade payables

Trade payables are comprised of payments required related to provide the goods and services from the supplier in in the ordinary activities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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

2.4 Summary of significant accounting policies (Continued)

2.4.11 Recognition and derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its consolidated statement of financial position when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset and when risk and benefit related to property. The Group derecognizes a financial liability when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

All the normal sales or purchase transactions of financial assets are recorded at the transaction date that the Group guaranteed to purchase or sell the financial asset. These transactions generally require the transfer of financial asset in the period specified by the general conditions and the procedures in the market.

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through other comprehensive income, financial assets carried at fair value through profit or loss. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

(b) Financial assets carried at fair value

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. Group carried these assets at their fair values. The fair value gains and losses are recognized in other comprehensive income after the deduction of impairment losses and foreign exchange income and expenses. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

The Group designates its foreign currency borrowings as hedging instrument in fair value hedge of the exposures to changes in foreign exchange rates of its unrecognized firm commitments. Unrecognized firm commitment to lease the fleet in return for leasing revenues and sell the specific second hand vehicles to the specific buyers at specific dates for vehicle sales revenue are designated as hedged items in this fair value hedge. In the fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value for the foreign currency component of its carrying amount measured is recognized in the income statement and the change in the fair value of the hedged item is accounted under "fair value of unrecognized firm commitment" in consolidated statement of financial position and in consolidated statements of profit or loss.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking, various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

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

2.4 Summary of significant accounting policies (Continued)

2.4.12 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 Otokoç Netherlands are recognized in equity. The gain or loss on the hedging instruments that has been recognized directly in equity is transferred statements of profit or loss on the disposal of the foreign operation.

2.4.13 Employee benefits

Defined benefit plans

The Group is obliged to pay termination indemnity to a certain number of employees who have completed at least one year of working period and who have left work due to retirement or who are terminated due to reasons other than resignation or misconduct.

The Group has adopted the "Projection Method", which requires the retirement pay liability to be recorded at the reduced net amount, based on estimated inflation rates and employee disqualification or termination, based on information raised by the Group's own experience and using the government bond interest rates valid at the balance sheet date and reflect the financial statements. All actuarial gains and losses calculated are reflected in the other comprehensive income statement.

Defined contribution plans

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

Vacation pay liability

Vacation pay liability in the financial statements is the sum of unused vacation employee entitlement and probable liabilities in the future as of the reporting date.

2.4.14 Tax

Tax expense (income) is the aggregate amount included in the determination of the statement of comprehensive income for the period in respect of current and deferred tax.

Current tax

Current tax liabilities (assets) are calculated in accordance with the applicable tax law and if not related with other comprehensive income or equity, expense (income) is recorded for the related period. In current tax calculations, tax laws and rates that are applicable or that will become applicable are used.

Deferred tax

Deferred income tax is provided 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. Deferred tax is recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at consolidated statement of financial position date

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

2.4 Summary of significant accounting policies (Continued)

2.4.15 Revenue recognition

The company accounts the revenue in its consolidated financial statements under the five-stage model:

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

Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Sales of goods and services

Income includes invoiced values of sales of goods and services. Revenue arising from sale of goods and services is recognized when the risks and rewards of ownership is transferred, the amount of revenue can be reliably measured and the economic benefits associated with the transaction will flow to the Group are highly probable. Significant risks and rewards in domestic vehicle and spare part sales are transferred to the buyer when invoice is issued.

Net sales are the sales of invoiced goods, excluding sales receipts. When there is an important financing element in the sales, the fair value is determined by deducting the future collections with the hidden interest rate included in the financing element. The difference between the nominal value and the fair value of the sales price is recorded in the relevant periods as the financing income on an accrual basis.

Revenues from operational leases

Income from operational leasing transactions is recorded as income in the related period on an accrual basis. According to management's opinion, when income becomes doubtful, it is temporarily waited.

Sales income of assets held for rent

Cash obtained from the sale of held-for-sale assets is recognized as income after the legal process is completed and significant risks and rewards of the assets are transferred to the buyer.

Interest income is recognized on a time proportion basis and the income accrued is determined taking into account the effective interest rate and the effective interest rate over the remaining period of time.

2.4.16 Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gain or losses arising from the settlement and translation of foreign currency items have been included under financial income/ expenses in the consolidated statements of profit or loss.

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

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

2.4 Summary of significant accounting policies (Continued)

2.4.17 Related parties

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or,
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group
 - (ii) One entity is an associate or joint venture of the other entity
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a), (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Related party transactions are transactions in which resources, services and liabilities are transferred between related parties, regardless of whether they are a cost consideration.

2.4.18 Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when an entity has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When in the course of time the value loss of the money gains significance, the reserves are reflected in terms of the reduced value of the expenses likely to occur on the date of consolidated statement of financial position. When reduced value is used, increases to occur in the reserves as time goes by are recorded as interest expenses.

Damage provisions

In the event that the Group incurs an accident within the lease period for the vehicles subject to operational lease, the Group compares the net sales value of those vehicles with the past years' experience and the sales prices based on the experience of the technical crew. If the net book value is higher than the wholesale price, provision is made in the consolidated financial statements for the related amounts. It also allocates provision for past years' experience and technical crew experience for vehicles which have undergone an accident and whose damage repair controls have not yet been finalized (Note 15).

Contingent assets and liabilities

Provision is made in the financial statements if there is an existing obligation arising from past events, it is probable that the obligation will be met, and the amount of the obligation can be reliably estimated. Adjustment of the liability as of the balance sheet date, taking into account the amount set aside as a contingency and the risks and uncertainties regarding the liability. The most reliable estimate of the expenditure to be made. If the provision is measured using the estimated cash flows required to meet the present obligation, the carrying amount of the provision is equal to the present value of the related cash flows. If some or all of the economic benefit required to settle the obligation is expected to be met by a third party, the amount to be recovered is recognized as an asset if the collection of the obligation is virtually certain and reliably measured.

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

2.4 Summary of significant accounting policies (Continued)

2.4.19 Dividends

Dividends payable are recognized as an appropriation of profit in the period in which they are declared in the consolidated financial statements.

2.4.20 Subsequent events

Post period-end events that provide additional information about the Group's position at the consolidated statement of financial position date (adjusting events), are reflected in the financial statements. Post period-end events that are not adjusting events are disclosed in the notes when material.

2.4.21 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.4.22 Leases

Group as a lessee

At inception of a contract, the Company shall assess 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.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
- The Company has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset,
- The right to direct the use of the identified asset. The Company has the right to direct the use of an identified asset throughout the period of use only if either:
 - a) The Company has the right to direct how and for what purpose the asset is used throughout the period of use,
 - b) The relevant decisions about how and for what purpose the asset is used are predetermined and.

The Company recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.

Right of use asset

At the commencement date, the Company shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- 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 Company
- d) An estimate of costs to be incurred by the Company 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.

To apply a cost model, the Company shall measure 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.

The Company shall apply the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

The Company shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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

2.4 Summary of significant accounting policies (Continued)

Lease Liability

At the date when the lease actually begins, the Company measures its lease obligation at the present value of the lease payments not realized at that date. Lease payments, if the implicit interest rate in the lease can be determined easily, by using this rate; If the implied interest rate cannot be determined easily, the tenant is discounted using the alternative borrowing interest rate.

At the commencement date, 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:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- 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, the Company shall measure the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Extension and early termination options

The lease liability is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts are composed of the options that are jointly applicable by the Company and the lessor. The Company determines the lease term by the extension of the lease, if such extension and early termination options are at the Company's discretion and the use of the options is reasonably certain. If there is a significant change in the circumstances, the evaluation is reviewed by the Company.

Variable lease payments

Lease payments arising from some of the Company's lease agreements consist of variable rent payments. These variable lease payments, which are not included in TFRS 16, are recorded as rent expense in the related period in the income statement.

Practical expedient

The group has applied a single discount rate to a rental portfolio with similar characteristics. While measuring the existence right of use at the first application date, initial direct costs were not included. If the contract includes options to extend and terminate the contract, the rental period is determined and management evaluations are used.

Group - as Lessor

All leases of the Group as lessor are operating leases. In operating leases, leased assets are classified under tangible fixed assets or other current assets in the consolidated balance sheet, and the rental income obtained is accounted in the consolidated income statement in equal amounts during the lease period. Rental income is accounted as consolidated income on a straight-line basis throughout the lease term.

2.5 Comparative information and classification of prior period financial statements

The consolidated financial statements of the Group have been prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary.

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NOTE 3 - CASH AND CASH EQUIVALENTS

| | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Cash on hand | 806 | 560 |
| Bank | 4,950,911 | 1,338,728 |
| - Time deposits in banks | 4,157,373 | 894,700 |
| - Demand deposits in banks | 793,538 | 444,028 |
| Credit card and direct debiting system receivables | 450,876 | 221,291 |
| | 5,402,593 | 1,560,579 |

As of 31 December 2022, the time deposits of the Group is denominated in TRY with a maturity of 3 to 67 days (31 December 2021: 1 to 62 days) The interest rate of TRY time deposits is between 15.00%-28.00% (31 December 2021: 15.00%-26.50%).

As of 31 December 2022, the Group has blocked deposits of TRY 108,486 (31 December 2021: TRY 55,044).

Cash and cash equivalents shown in the consolidated cash flow statements as of 31 December 2022 and 2021 are shown below:

| | 31 December 2022 | 31 December 2021 |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | 5,402,593 | 1,560,579 |
| Blocked deposits (-) | (108,486) | (55,044) |
| | 5,294,107 | 1,505,535 |

NOTE 4 - FINANCIAL LIABILITIES

a) Short - term financial liabilities

| | 31 December 2022 | | | 31 December 2021 | | |
|---------------------------------|----------------------|-------------------|--------------------------|----------------------|-------------------|---------------------------|
| | Original currency | TRY equivalent | Interest rate p.a.(%) | Original currency | TRY equivalent | Interest rate p.a. (%) |
| Borrowings in TRY | 1,142,186 | 1,142,186 | 15.75-34.00 | 990,413 | 990,413 | 8.00-18.00 |
| Borrowings in EUR | 36,731 | 732,220 | 3.10-3.70 | 22,695 | 333,211 | 3.10-3.70 |
| Interest-free borrowings in TRY | 14,355 | 14,355 | - | 15,945 | 15,945 | - |
| | | 1,888,761 | | | 1,339,569 | |

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NOTE 4 - FINANCIAL LIABILITIES (Continued)

b) Short - term bond payables

| | 31 December 2022 | | | 31 December 2021 | | |
|-------------------------------------|----------------------|-------------------|--------------------------|----------------------|-------------------|---------------------------|
| | Original currency | TRY equivalent | Interest rate p.a.(%) | Original currency | TRY equivalent | Interest rate p.a. (%) |
| Bond payables in TRY ⁽¹⁾ | 741,319 | 741,319 | 24.90-33.00 | - | - | - |
| Bond payables in EUR | - | - | - | 39,304 | 577,074 | 1.40-1.85 |
| | | 741,319 | | | 577,074 | |

⁽¹⁾ The TRY bonds issued by the Group are payable with one coupon every 6 months, and the principal of the bonds will be paid at the end of the maturity.

c) Short - term lease liabilities

| | 31 December 2022 | | | 31 December 2021 | | |
|--------------------------|----------------------|-------------------|--------------------------|----------------------|-------------------|---------------------------|
| | Original currency | TRY equivalent | Interest rate p.a.(%) | Original currency | TRY equivalent | Interest rate p.a. (%) |
| Lease liabilities in EUR | 4,958 | 98,837 | 3.50-5.75 | 4,301 | 63,149 | 3.50-5.75 |
| Lease liabilities in TRY | 10,951 | 10,951 | 10.00-29.00 | 9,768 | 9,768 | 10.00-29.00 |
| Lease liabilities in USD | - | - | - | 11 | 142 | 7.00 |
| | | 109,788 | | | 73,059 | |

d) Short - term portions of long - term liabilities

| | 31 December 2022 | | | 31 December 2021 | | |
|--------------------------|----------------------|-------------------|--------------------------|----------------------|-------------------|---------------------------|
| | Original currency | TRY equivalent | Interest rate p.a.(%) | Original currency | TRY equivalent | Interest rate p.a. (%) |
| Lease liabilities in TRY | 2,659,327 | 2,659,327 | 9.50-30.00 | 1,139,703 | 1,139,703 | 9.50-19.75 |
| Lease liabilities in EUR | 40,869 | 814,710 | 2.90 | 27,090 | 397,739 | 2.90 |
| | | 3,474,037 | | | 1,537,442 | |

e) Long - term liabilities

| | 31 December 2022 | | | 31 December 2021 | | |
|--------------------------|----------------------|-------------------|--------------------------|----------------------|-------------------|---------------------------|
| | Original currency | TRY equivalent | Interest rate p.a.(%) | Original currency | TRY equivalent | Interest rate p.a. (%) |
| Lease liabilities in EUR | 304,825 | 6,076,655 | 3.75-4.00 | 223,196 | 3,277,035 | 2.90 |
| Lease liabilities in TRY | 2,828,062 | 2,828,062 | 9.95-30.00 | 2,421,771 | 2,421,771 | 9.50-19.75 |
| | | 8,904,717 | | | 5,698,806 | |

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NOTE 4 - FINANCIAL LIABILITIES (Continued)

f) Long-term private sector bond payables

| | 31 December 2022 | | | 31 December 2021 | | |
|----------------------|----------------------|-------------------|---------------------------|----------------------|-------------------|---------------------------|
| | Original currency | TRY equivalent | Interest rate p.a. (%) | Original currency | TRY equivalent | Interest rate p.a. (%) |
| Bond payables in EUR | 188,568 | 3,759,084 | 1.40-1.85 | 89,583 | 1,315,284 | 1.40-1.85 |
| | | 3,759,084 | | | 1,315,284 | |

g) Long - term lease liabilities

| | 31 December 2022 | | | 31 December 2021 | | |
|--------------------------|----------------------|-------------------|---------------------------|----------------------|-------------------|---------------------------|
| | Original currency | TRY equivalent | Interest rate p.a. (%) | Original currency | TRY equivalent | Interest rate p.a. (%) |
| Lease liabilities in EUR | 9,333 | 186,052 | 3.50-5.75 | 6,542 | 96,052 | 3.50-5.75 |
| Lease liabilities in TRY | 45,903 | 45,903 | 10.00-29.00 | 40,981 | 40,981 | 10.00-29.00 |
| Lease liabilities in USD | - | - | - | 45 | 584 | 7.00 |
| | | 231,955 | | | 137,617 | |

The payment schedule for long term loans as of 31 December 2022 and 2021 is as follows:

| | 31 December 2022 | 31 December 2021 |
|---------------------|-------------------|------------------|
| Between 1 - 2 years | 7,000,552 | 3,846,759 |
| Between 2 -3 years | 5,180,901 | 779,854 |
| Between 3 -4 years | 259,356 | 2,324,450 |
| 4 years and over | 454,947 | 200,644 |
| | 12,895,756 | 7,151,707 |

Movements of financial liabilities are as of 31 December 2022 and 31 December 2021 as follows:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Beginning of period - 1 January | 10,678,851 | 7,008,446 |
| Additions - financial liabilities | 11,970,681 | 3,048,010 |
| Payment of borrowings | (6,015,826) | (1,697,642) |
| Cash outflows from payments of lease liabilities | (85,944) | (47,377) |
| Changes in exchange rates | 2,025,773 | 2,168,234 |
| Change in interest accrual | 322,880 | 131,487 |
| Currency translation differences | 213,246 | 67,693 |
| End of period - 31 December | 19,109,661 | 10,678,851 |

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NOTE 4 - FINANCIAL LIABILITIES (Continued)

The fair values of long - term financial liabilities were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The carrying amounts and fair values of the Group's long-term borrowings as of 31 December 2022 and 31 December 2021 are as follows:

| | 31 December 2022 | | 31 December 2021 | |
|-----|-------------------|-------------------|------------------|------------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| EUR | 10,021,791 | 10,071,900 | 4,688,370 | 4,711,812 |
| TRY | 2,873,965 | 2,888,335 | 2,462,753 | 2,475,067 |
| USD | - | - | 584 | 587 |
| | 12,895,756 | 12,960,235 | 7,151,707 | 7,187,466 |

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Trade receivables | 5,356,239 | 2,949,290 |
| Due from related parties | 147,000 | 115,055 |
| | 5,503,239 | 3,064,345 |
| Less: Expected credit loss | (870,270) | (627,814) |
| Total short term trade receivables | 4,632,969 | 2,436,531 |
| Long term trade receivables | 225,782 | 209,275 |
| Total trade receivables | 4,858,751 | 2,645,806 |

As of 31 December 2022 average maturity days of trade receivables is 30 days (31 December 2021: 30 days).

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movements of expected credit loss are as follows:

| | 2022 | 2021 |
|----------------------------------|----------------|----------------|
| 1 January | 627,814 | 385,341 |
| Additions | 77,783 | 29,640 |
| Currency translation differences | 208,686 | 229,478 |
| Collection (-) | (4,761) | (1,924) |
| Deleted from records (-) | (39,252) | (14,721) |
| 31 December | 870,270 | 627,814 |

b) Trade payables

| | 31 December 2022 | 31 December 2021 |
|------------------------|------------------|------------------|
| Trade payables | 2,857,055 | 1,222,927 |
| Due to related parties | 5,277,900 | 2,198,795 |
| | 8,134,955 | 3,421,722 |

NOTE 6 - INVENTORIES

| | 31 December 2022 | 31 December 2021 |
|------------------|------------------|------------------|
| Spare parts | 1,069,808 | 379,073 |
| Second hand cars | 944,977 | 426,971 |
| Brand new cars | 777,343 | 450,570 |
| | 2,792,128 | 1,256,614 |

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Movement in the property, plant and equipment and the related accumulated depreciation comprised the following as of 31 December 2022

| | Land improvements and buildings | Buildings | Machine and equipment | Motor vehicles | Furniture and fixtures | Constructions in progress | Leasehold improvements | Total |
|--|---------------------------------------|----------------|-----------------------------|-------------------|---------------------------|------------------------------|---------------------------|-------------------|
| 1 January 2022 | | | | | | | | |
| Cost | 58,421 | 306,269 | 8,833 | 13,800,018 | 246,053 | 2,721 | 182,459 | 14,604,774 |
| Accumulated depreciation | - | (128,999) | (2,269) | (2,068,295) | (113,510) | - | (110,495) | (2,423,568) |
| Net book value | 58,421 | 177,270 | 6,564 | 11,731,723 | 132,543 | 2,721 | 71,964 | 12,181,206 |
| Additions | - | 166,186 | 1,714 | 9,874,285 | 201,299 | 37,677 | 46,959 | 10,328,120 |
| Transfers | - | 3,395 | - | (1,223,153) | 7,616 | - | - | (1,212,142) |
| Foreign currency translation differences | 20,900 | 36,870 | 2,187 | 2,459,416 | 8,494 | - | 5,900 | 2,533,764 |
| Disposals | - | - | (900) | (311,462) | (4,018) | - | (15,997) | (332,377) |
| Depreciation | - | (74,136) | (892) | (1,496,940) | (50,731) | - | (20,363) | (1,643,062) |
| Net book value at the end of the period | 79,321 | 309,585 | 8,673 | 21,033,869 | 295,203 | 40,398 | 88,463 | 21,855,512 |
| 31 December 2022 | | | | | | | | |
| Cost | 79,321 | 512,720 | 11,834 | 24,599,104 | 459,444 | 40,398 | 219,321 | 25,922,142 |
| Accumulated depreciation | - | (203,135) | (3,161) | (3,565,235) | (164,241) | - | (130,858) | (4,066,630) |
| 31 December 2022 net book value | 79,321 | 309,585 | 8,673 | 21,033,869 | 295,203 | 40,398 | 88,463 | 21,855,512 |

As of 31 December 2022, there are no pledges or collaterals on property, plant and equipment.

⁽¹⁾ Net book value of the right-of-use assets motor vehicle classified under property, plant and equipment is TRY 110,858 thousand as of 31 December 2022. For the period ended 31 December 2022, additions to the right-of-use assets amounted to TRY 45,671 thousand and depreciation expenses amounted to TRY 39,482 thousand.

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT(Continued)

Movement in the property, plant and equipment and the related accumulated depreciation comprised the following as of 31 December 2021:

| | Land improvements and buildings | Buildings | Machine and equipment | Motor vehicles | Furniture and fixtures | Constructions in progress | Leasehold improvements | Total |
|--|---------------------------------------|----------------|-----------------------------|-------------------|---------------------------|------------------------------|---------------------------|-------------------|
| 1 January 2021 | | | | | | | | |
| Cost | 35,843 | 233,767 | 5,432 | 8,197,308 | 173,828 | 10,080 | 153,007 | 8,809,265 |
| Accumulated depreciation | - | (76,825) | (1,486) | (1,331,009) | (83,124) | - | (92,354) | (1,584,798) |
| Net book value | 35,843 | 156,942 | 3,946 | 6,866,299 | 90,704 | 10,080 | 60,653 | 7,224,467 |
| Additions | - | 57,850 | 1,248 | 4,497,717 | 65,388 | - | 25,472 | 4,647,675 |
| Transfers | - | (41,507) | - | (707,449) | - | (7,359) | - | (756,315) |
| Foreign currency translation differences | 22,578 | 56,463 | 2,153 | 1,998,764 | 7,537 | - | 8,095 | 2,095,590 |
| Disposals | - | (304) | - | (186,322) | (700) | - | (4,115) | (191,441) |
| Depreciation | - | (52,174) | (783) | (737,286) | (30,386) | - | (18,141) | (838,770) |
| Net book value at the end of the period | 58,421 | 177,270 | 6,564 | 11,731,723 | 132,543 | 2,721 | 71,964 | 12,181,206 |
| 31 December 2021 | | | | | | | | |
| Cost | 58,421 | 306,269 | 8,833 | 13,800,018 | 246,053 | 2,721 | 182,459 | 14,604,774 |
| Accumulated depreciation | - | (128,999) | (2,269) | (2,068,295) | (113,510) | - | (110,495) | (2,423,568) |
| 31 December 2021 net book value | 58,421 | 177,270 | 6,564 | 11,731,723 | 132,543 | 2,721 | 71,964 | 12,181,206 |

As of 31 December 2021, there are no pledges or collaterals on property, plant and equipment.

⁽¹⁾ Net book value of the right-of-use assets motor vehicles classified under property, plant and equipment is TRY82,235 thousand as of 31 December 2021. For the period ended 31 December 2021, additions to the right-of-use assets amounted to TRY42,579 thousand and depreciation expenses amounted to TRY22,531 thousand.

As of 31 December 2022, vehicles which are subject to short-term operational leasing amount to TRY26,338,099 (31 December 2021: TRY14,544,923) and vehicles subject to long-term operational leasing amount to TRY5,908,567 (31 December 2021: TRY3,090,489) adding to a total amount of TRY20,429,532 (31 December 2021: TRY11,454,434) are classified under current assets and tangible assets respectively.

The movements of vehicles leased to third parties under operational lease by the Group are as follows

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Net book value at the beginning of the period | 14,544,923 | 8,298,885 |
| Additions | 13,733,804 | 6,299,650 |
| Disposals | (219,138) | (114,346) |
| Transfers | (2,623,229) | (1,195,912) |
| Foreign currency translation differences | 2,629,504 | 2,136,457 |
| Current year depreciation | (1,727,765) | (879,811) |
| Net book value at the end of the period | 26,338,099 | 14,544,923 |

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NOTE 8 - INTANGIBLE ASSETS

The movement of intangible assets for the years ended on 31 December 2022 and 2021 are as follows:

| | 2022 | 2021 |
|--|----------------|----------------|
| 1 January | | |
| Cost | 235,330 | 159,932 |
| Accumulated amortization | (62,414) | (42,001) |
| Net book value | 172,916 | 117,931 |
| Opening net book value | 172,916 | 117,931 |
| Additions | 55,653 | 15,481 |
| Foreign currency translation differences | 53,472 | 59,917 |
| Current period amortization | (30,047) | (20,413) |
| Net book value at the end of the period | 251,994 | 172,916 |
| 31 December | | |
| Cost | 344,456 | 235,330 |
| Accumulated amortization | (92,462) | (62,414) |
| Net book value | 251,994 | 172,916 |

NOTE 9 - OTHER CURRENT ASSETS

| Other current assets | 31 December 2022 | 31 December 2021 |
|----------------------------------|------------------|------------------|
| Assets used in operational lease | 5,908,567 | 3,090,489 |
| Deferred VAT | 245,943 | - |
| SCT receivables | 1,529 | 2,579 |
| Other | 65,899 | 37,561 |
| | 6,221,938 | 3,130,629 |

Movement table of assets subject to operational leasing is as follows:

| | 2022 | 2021 |
|---|------------------|------------------|
| 1 Ocak | 3,090,489 | 1,649,509 |
| Additions | 4,321,931 | 1,944,387 |
| Disposals | (4,458) | (2,269) |
| Transfer | (1,400,076) | (490,037) |
| Foreign currency conversion differences | 186,140 | 162,489 |
| Current year depreciation | (285,459) | (173,590) |
| 31 Aralık | 5,908,567 | 3,090,489 |

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NOTE 10 - PREPAID EXPENSES

| Short - term prepaid expenses | 31 December 2022 | 31 December 2021 |
|---------------------------------|------------------|------------------|
| Prepaid expenses ⁽¹⁾ | 485,161 | 251,230 |
| | 485,161 | 251,230 |

⁽¹⁾ The balance consist of prepaid traffic insurance expenses, prepaid motor vehicle expenses and one year of prepaid rent expense for which the Group pays in advance.

NOTE 11 - EMPLOYEE BENEFITS OBLIGATIONS

| Employee benefits obligations | 31 December 2022 | 31 December 2021 |
|----------------------------------|------------------|------------------|
| Withholding taxes and duties | 78,857 | 41,607 |
| Social security premiums payable | 72,378 | 28,588 |
| | 151,235 | 70,195 |

NOTE 12 - DEFERRED INCOME

| Short - term deferred income | 31 December 2022 | 31 December 2021 |
|------------------------------|------------------|------------------|
| Deferred revenue | 23,645 | 17,107 |
| | 23,645 | 17,107 |

NOTE 13 - OTHER RECEIVABLES AND OTHER PAYABLES

| a) Other receivables | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Other receivables from related parties (Note 23) | 97,692 | 100,050 |
| Receivables from insurance company ⁽¹⁾ | - | 7,426 |
| Other | 21,622 | 3,018 |
| | 119,314 | 110,494 |

As of 31 December 2022, other long-term receivables from related parties amounting to TRY 29,860 (31 December 2021: TRY 86,762).

⁽¹⁾ Receivables from insurance companies consist of claims related to damaged car reimbursements.

| b) Other payables | 31 December 2022 | 31 December 2021 |
|----------------------------------|------------------|------------------|
| Deposits and guarantees received | 601,495 | 412,399 |
| VAT payable | 456,135 | 73,723 |
| Special consumption tax payable | 751 | 39,510 |
| Other | 9,532 | 4,356 |
| | 1,067,913 | 529,988 |

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NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

| a) Guarantees given | 31 December 2022 | 31 December 2021 |
|-----------------------------------|-------------------------|-------------------------|
| Bails | 1,566,700 | 1,095,142 |
| Letters of guarantee | 505,317 | 241,330 |
| | 2,072,017 | 1,336,472 |
| b) Guarantees received | 31 December 2022 | 31 December 2021 |
| Direct debiting system guarantees | 1,252,098 | 508,560 |
| Letters of guarantee | 360,262 | 322,951 |
| Bails | 50,197 | 22,559 |
| Notes of guarantees | 1,783 | 1,783 |
| Other | 23,271 | 18,473 |
| | 1,687,611 | 874,326 |

Collaterals, pledges, mortgages ("CPM") given by the Group as at 31 December 2022 and 31 December 2021 are as follows:

| | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| a. CPMs given for companies in the name of its own legal personality | 505,317 | 241,330 |
| b. CPMs given on behalf of the fully consolidated companies ⁽¹⁾ | 1,566,700 | 1,095,142 |
| c. CPMs given for continuation of its economic activities on behalf of third parties | - | - |
| d. Total amount of other CPMs | | |
| i. Total amount of CPMs given on behalf of the majority shareholder | - | - |
| ii. Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C | - | - |
| iii. Total amount of CPMs given on behalf of Third parties which are not in scope of C | - | - |
| | 2,072,017 | 1,336,472 |

⁽¹⁾ The Group's subsidiaries "A. As of 31 December 2022, the total commission amount accrued during the year for other CPMs other than those given on behalf of their own legal entity is TRY7,454 (31 December 2021: TRY2,221)

The details of CPM's in terms of currencies are as follows:

| | 31 December 2022 | | 31 December 2021 | |
|-----|-------------------|------------------|-------------------|------------------|
| | Original currency | TRY equivalent | Original currency | TRY equivalent |
| TRY | 1,087,555 | 1,087,555 | 655,022 | 655,022 |
| USD | 39,029 | 729,771 | 38,436 | 498,800 |
| EUR | 12,776 | 254,691 | 12,440 | 182,650 |
| | | 2,072,017 | | 1,336,472 |

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NOTE 15 - SHORT AND LONG TERM PROVISIONS

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| a) Short - term provisions for employee benefits | | |
| Personnel bonus accruals | 119,633 | 62,799 |
| | 119,633 | 62,799 |

The movements of provision for personnel bonus accruals for the years ended 31 December 2022 and 2021 are as follows:

| | 2022 | 2021 |
|--|----------------|---------------|
| Beginning of the year - 1 January | 62,799 | 46,424 |
| Charge for the period | 397,220 | 187,297 |
| Payments during the period | (340,386) | (170,922) |
| End of the year - 31 December | 119,633 | 62,799 |

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| b) Other short - term provisions | | |
| Penalty provision ⁽¹⁾ | 287,100 | 132,173 |
| Other cost and expense provisions | 78,238 | - |
| Provision for modification cost | 1,493 | 2,750 |
| | 366,831 | 134,923 |

As of 31 December 2022, total legal cases filed against the Group amount to TRY 33,651 . In accordance with the legal counselor's opinion, the Group has not provided for in its consolidated financial statements for which the cash outflow is highly probable (31 December 2021: TRY 27,892)

⁽¹⁾ The special consumption tax ("SCT") and value added tax ("VAT") inspection initiated by the Tax Office for the 2020 period has been completed, and the provision amount accounted in 2022 is TRY210,426 (2021: TRY76,674) based on the notifications served to the Group. As of the end of 31 December 2022, the Group management is in the process of arrangement within 2023 regarding the notified penalty.

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| c) Long term liabilities | | |
| Provision for employment termination benefits | 195,294 | 82,487 |
| Provision for unused vacation | 35,699 | 16,706 |
| | 230,993 | 99,193 |

Provision for employment termination benefits

There are no pension plan agreements other than the legal requirement as explained below.

Under the Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY 15,371.40 as of 31 December 2022 (31 December 2021: TRY 8,284.51) for each period of service.

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NOTE 15 - SHORT AND LONG TERM PROVISIONS (Continued)

Provision for employment termination benefits (Continued)

The provision for employee termination benefits 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 the Group arising from the retirement of employees.

TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

| | 2022 | 2021 |
|---|------|------|
| Discount rate (%) | 0.55 | 4.45 |
| Turnover rate to estimate the probability of retirement (%) | 95 | 95 |

The principal assumption is that maximum liability of employment termination benefits 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 TRY 19,982.83 which is effective as at 1 January 2023, has been taken into consideration in calculating the provision for employment termination benefits of the Group (1 January 2022 : TRY 10,848.59).

The movements of provision for employment termination benefits for the years ended 31 December 2022 and 2021 are as follows:

| | 2022 | 2021 |
|--|----------------|---------------|
| Beginning of the year - 1 January | 82,487 | 52,021 |
| Actuarial gain / (loss) | 79,729 | 7,503 |
| Interest expense | 16,308 | 10,925 |
| Service cost | 14,385 | 8,877 |
| Foreign currency translation differences | 14,977 | 10,776 |
| Payments during the period (-) | (12,592) | (7,615) |
| End of the year- 31 December | 195,294 | 82,487 |

The movements of provision for unused vacation liability for the years ended 31 December 2022 and 2021 are as follows:

| | 2022 | 2021 |
|--|---------------|---------------|
| Beginning of the year - 1 January | 16,706 | 13,930 |
| Charge for the period | 21,910 | 4,463 |
| Payments and usage during the period | (2,917) | (1,687) |
| End of the year- 31 December | 35,699 | 16,706 |

The movements of other cost provisions for the years ended 31 December 2022 and 2021 are as follows:

| | 2022 | 2021 |
|--|--------------|------------|
| Beginning of the year - 1 January | - | 987 |
| Additional Payments | 35,889 | 30,265 |
| | (32,090) | (31,252) |
| End of the year - 31 December | 3,799 | - |

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NOTE 15 - SHORT AND LONG TERM PROVISIONS (Continued)

Provision for employment termination benefits (Continued)

The movements of provision for modification cost for the years ended 31 December 2022 and 2021 are as follows:

| | 2022 | 2021 |
|--------------------------------------|----------------------|----------------------|
| Beginning of the year - 1 January | 2,750 | 6,381 |
| Additional Payments | 411,933 (413,190) | 137,852 (141,483) |
| End of the year - 31 December | 1,493 | 2,750 |

NOTE 16 - EQUITY

The Company's shareholders and their shareholding percentages are as follows:

| Shareholders | 31 December 2022 | | 31 December 2021 | |
|-------------------------------------|------------------|------------|------------------|------------|
| | Amount | Share (%) | Amount | Share (%) |
| Koç Holding A.Ş. | 130,999 | 96.32 | 130,999 | 96.32 |
| Temel Ticaret ve Yatırım A.Ş. | 4,670 | 3.43 | 4,670 | 3.43 |
| Zer Merkezi Hizmetleri ve Tic. A.Ş. | 331 | 0.24 | 331 | 0.24 |
| Koç Yapı Malzemeleri Tic. A.Ş. | - | 0.01 | - | 0.01 |
| Inventram Fikri Mülkiyet Hakları | - | - | - | - |
| Yön Tic. ve A.Ş. | - | 0.01 | - | 0.01 |
| Total paid-in capital | 136,000 | 100 | 136,000 | 100 |

Adjustment to share capital represents the inflation adjusted amount of the cash and cash equivalents of paid-in capital and the difference before the inflation adjustment.

As at 31 December 2022, the paid-in capital of the Group comprises of 13,600,000,000 shares issued (31 December 2021: 13,600,000,000 shares) of Kr 1 each.

No deductions from dividends paid to non-resident corporations that earn income through a business office or permanent representative in Turkey and dividends paid to resident corporations in Turkey. Dividend payments made to persons and institutions other than these are subject to 15% stoppage. Adding profit to the capital does not count as profit distribution.

Restricted reserves

The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the Company's paid-in share capital. The legal reserves can only be used to offset loss, maintain existing of the Company under negative circumstances, avoid unemployment and are not available for any other usage unless the reserve exceeds 50% of paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions will be made to shareholders after first legal reserve at the rate of 5% deducted. In addition, 75% of these earnings should be kept in a fund account in liability and should be not withdrawn for 5 years to benefit income from sales of real estate and participation share exemption.

Retained earnings

Accumulated profits other than net profit for the period are reported in this account. Extraordinary reserves which are not restricted and accordingly considered as accumulated profit is accounted in this account.

Dividend distribution

Partnerships shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. A minimum distribution rate has not been determined in these regulations. The partnerships pay dividends as determined in their articles of incorporation 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.

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NOTE 17 - REVENUE

| | 1 January- 31 December 2022 | 1 January - 31 December 2021 |
|-----------------------|--------------------------------|---------------------------------|
| Brand new car sales | 21,093,208 | 9,024,226 |
| Second hand car sales | 10,426,076 | 4,664,033 |
| Lease sales | 7,504,233 | 3,786,104 |
| Other sales | 3,660,978 | 1,830,146 |
| Gross sales | 42,684,495 | 19,304,509 |
| Sales returns (-) | (99,655) | (31,050) |
| Sales discounts (-) | (28,427) | (11,844) |
| Net sales | 42,556,413 | 19,261,615 |

NOTE 18 - EXPENSES BY NATURE

Expenses by nature consist of cost of sales, marketing selling and distribution expenses, and general administrative expenses.

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Cost of trade goods sold | (28,828,439) | (13,289,284) |
| Depreciation and amortization charges | (1,958,567) | (1,032,773) |
| Personnel expenses | (1,453,145) | (683,503) |
| Maintenance and repair expenses | (919,120) | (361,160) |
| Insurance expenses | (296,275) | (171,787) |
| Advertisement and promotion expenses | (294,884) | (78,552) |
| Taxes, duties and charges | (255,196) | (165,299) |
| Royalties | (201,893) | (89,440) |
| Energy and utility expenses | (133,523) | (40,009) |
| Rent expenses | (81,317) | (71,621) |
| Information systems and communication expenses | (80,386) | (32,598) |
| Travel expenses | (70,082) | (24,979) |
| Grants and donations | (24,557) | (12,334) |
| Other | (910,297) | (397,598) |
| | (35,507,681) | (16,450,937) |

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NOTE 18 - EXPENSES BY NATURE (Continued)

The Group's explanation regarding the fees for the services rendered by the independent audit firms, which is based on the KGK's letter dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021 are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---------------------------------|---------------------------------|
| Independent audit fee for the reporting period | 2,363 | 825 |
| Fees for tax advisory services | 391 | 403 |
| Fees for services other than independent audit | 80 | 27 |
| | 2,834 | 1,255 |
| Functional breakdown of expenses by nature | | |
| Cost of sales | (32,852,405) | (15,251,808) |
| Marketing, selling and distribution expenses | (1,431,497) | (670,609) |
| General administrative expenses | (1,223,779) | (528,520) |
| | (35,507,681) | (16,450,937) |
| Functional breakdown of personnel expenses | | |
| Marketing, selling and distribution expenses | (577,020) | (271,846) |
| General administrative expenses | (553,415) | (253,372) |
| Cost of sales | (322,710) | (158,285) |
| | (1,453,145) | (683,503) |
| Functional breakdown of depreciation and amortization charges | | |
| Cost of sales | (1,769,211) | (903,868) |
| General administrative expenses | (104,459) | (67,146) |
| Marketing, selling and distribution expenses | (84,897) | (61,758) |
| | (1,958,567) | (1,032,772) |

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NOTE 19 - OTHER OPERATING INCOME/EXPENSES

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|---|--------------------------------|--------------------------------|
| a) Other operating income | | |
| Provisions no longer required | 29,366 | 14,517 |
| Commission income | 7,408 | 5,551 |
| Due date charge on receivables | 2,581 | 8,366 |
| Foreign exchange gains on operations ⁽¹⁾ | 840 | 1,429 |
| Other | 21,783 | 3,111 |
| | 61,978 | 32,974 |
| b) Other operating expense | | |
| Provision expenses | (282,331) | (113,296) |
| Foreign exchange gains on operations ⁽¹⁾ | (2,699) | (2,437) |
| Due date charge expenses | - | (87) |
| Other | (29,458) | (29,348) |
| | (314,488) | (145,168) |

⁽¹⁾ Foreign exchange gain / loss classified under other operating income and expenses result from the Group's commercial transactions.

NOTE 20 - INCOME FROM INVESTMENT ACTIVITIES

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Income from investment activities | | |
| Income from sales of property, plant and equipment | 97,429 | 24,579 |
| Rent income | 4,619 | 2,422 |
| | 102,048 | 27,001 |

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NOTE 21 - FINANCIAL INCOME AND EXPENSE

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|---------------------------------|---------------------------------|
| Interest income | 478,859 | 86,230 |
| Foreign exchange gains from borrowings | 56,820 | 68,228 |
| Foreign exchange gain from derivative instruments | 131 | - |
| Total financial income | 535,810 | 154,458 |
| Interest expense on borrowings | (1,825,674) | (754,880) |
| Rediscount expense | (44,645) | (62,043) |
| Foreign exchange loss from derivative instruments | - | (15,954) |
| Other | (38,744) | (22,248) |
| Total financial expense | (1,909,063) | (855,125) |

NOTE 22 - TAX ASSETS AND LIABILITIES

a) General

The Group is subject to the tax legislation and practices in force in Turkey.

Within the scope of the "Law on Amendments to Certain Tax Laws and Some Other Laws" numbered 7316, which was published in the Official Gazette dated 22 April 2021, the corporate tax rate has been determined as 25% for the calendar year 2021 and 23% for the calendar year 2022. Within the scope of the said law, deferred in the consolidated financial statements of December 31, 2022, tax assets and liabilities are calculated with a 23% tax rate for the part of the temporary differences that will have a tax effect in 2021, 23% for the part of the temporary differences that will have a tax effect in 2022, and 20% for the part that will have a tax effect in the following periods.

As of 31 December 2022, the corporate tax rate is 22% in Greece, where the Company operates as a subsidiary of Olympic.

Tax legislation in Turkey does not permit a parent company and its subsidiaries consolidated tax return to fill out. Therefore, the tax liability reflected in the financial statements is calculated on a company basis.

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NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

a) General (Continued)

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years of the tax year, and tax accounts can be revised.

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Current year tax charge | (17,347) | 37,215 |
| Less: prepaid corporation taxes | (11,228) | (28,551) |
| Foreign currency translation differences | 35,713 | 4,460 |
| Current year tax liability/asset (net) | 7,138 | 13,124 |

Income tax expense for the years ended 31 December 2022 and 2021 are summarized as follows:

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|----------------------------|--------------------------------|--------------------------------|
| Deferred tax expense | 908,367 | 294,617 |
| Current period tax expense | (17,347) | 37,215 |
| | 891,020 | 331,832 |

⁽¹⁾ The tax expense in the income statement is paid by Olympic Commercial and Tourist Enterprises S.A., a subsidiary of the Company. It includes EUR 1,451, the difference of the tax provision for 2021 with respect to the realized tax provision.

Tax reconciliation calculated on profit before tax in consolidated financial statements is as follows:

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|--|--------------------------------|--------------------------------|
| Profit before taxation | 5,524,409 | 2,024,526 |
| Tax expense calculated using 25% local tax rate | (1,276,591) | (503,221) |
| Effect of tax rate change | 232,298 | 30,151 |
| Non deductible expense | (11,102) | (25,775) |
| Deductions and exemptions | 182,535 | 2,650 |
| The effect of the revaluation of tangible fixed assets in accordance with the provision of the local tax | (62,828) | 145,819 |
| Other | 44,668 | 18,544 |
| Taxation on expense | (891,020) | (331,832) |

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NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred tax assets and liabilities

As at 31 December 2022 and 31 December 2021, the breakdown of deferred tax liabilities calculated using the effective tax rates as of the balance sheet date and the temporary differences related to deferred tax are summarized as follows:

| | Cumulative temporary differences | | Deferred tax asset/(liability) | |
|--|-------------------------------------|------------------|-----------------------------------|------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Tangible and intangible assets | 9,891,284 | 4,222,692 | 2,016,396 | 922,835 |
| Unrecognised tax losses | - | 86 | - | (20) |
| Provision for doubtful receivables | 745,081 | 322,028 | (155,471) | (71,682) |
| Employment termination benefits provision | 195,294 | 82,487 | (39,880) | (17,155) |
| Adjustments related to inventories | 64,111 | 63,149 | (14,114) | (13,889) |
| Provision for unused vacation liability | 35,699 | 16,706 | (7,140) | (3,341) |
| Other | 281,461 | 275,231 | 62,165 | 60,715 |
| Deferred tax asset / (liability), net | | | 1,861,956 | 877,463 |

The movement of deferred tax liabilities is as follows:

| | 2022 | 2021 |
|---|------------------|----------------|
| 1 January | 877,462 | 503,698 |
| Recognized under consolidated statement of profit or loss | 908,367 | 294,617 |
| Foreign currency translation differences | 137,916 | 110,688 |
| Recognized under consolidated other comprehensive income | (61,789) | (31,541) |
| 31 December | 1,861,956 | 877,462 |

NOTE 23 - RELATED PARTY TRANSACTIONS

| Cash and cash equivalents from related parties | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Yapı ve Kredi Bankası A.Ş. | 696,891 | 120,097 |
| Yapı Kredi Bank Azerbaycan QSC | 15,639 | 10,113 |
| | 712,530 | 130,210 |

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NOTE 23 - RELATED PARTY TRANSACTIONS (Continued)

| Trade receivables from related parties | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Ark İnşaat San. ve Tic. A.Ş. | 30,882 | 8,919 |
| Koç Fiat Kredi Finansman A.Ş. | 24,524 | 1,114 |
| Setur Servis Turistik A.Ş. | 12,654 | 3,943 |
| Yapı ve Kredi Bankası A.Ş. | 11,258 | 9,149 |
| Yapı Kredi Finansal Kiralama A.O. | 9,456 | 285 |
| Sendeo Dağıtım Hizmetleri A.Ş. | 9,207 | - |
| Koçtaş Yapı Marketleri Ticaret A.Ş. | 6,828 | 2,276 |
| Arçelik Pazarlama A.Ş. | 6,365 | 2,529 |
| Türkiye Petrol Rafinerileri A.Ş. | 5,048 | 5,674 |
| Arçelik A.Ş. | 4,973 | 4,216 |
| Düzey Tüketim Mal. Paz. A.Ş. | 4,319 | 2,983 |
| Otokar Otomotiv ve Savunma San.A.Ş. | 4,070 | 2,939 |
| Türk Traktör ve Ziraat Makineleri A.Ş. | 3,773 | 3,740 |
| Zer Merkezi Hiz. ve Tic. A.Ş. | - | 46,118 |
| East Marine Denizcilik ve Turizm A.Ş. | - | 10,014 |
| Diğer | 13,643 | 11,156 |
| | 147,000 | 115,055 |
| Other receivables from related parties | 31 December 2022 | 31 December 2021 |
| Otokoç Ukraine LLC | 100,073 | 79,048 |
| Otokoç Georgia LLC | 27,479 | 22,851 |
| Otokoç Kazakistan LLP | - | 84,913 |
| | 127,552 | 186,812 |
| Financial liabilities to related parties | 31 December 2022 | 31 December 2021 |
| Yapı ve Kredi Bankası A.Ş. | 866,103 | 358,717 |
| Yapı Kredi Finansal Kiralama A.O. | 207,473 | - |
| | 1,073,576 | 358,717 |
| Trade and other payables to related parties | 31 December 2022 | 31 December 2021 |
| Tofaş Türk Otomobil Fabrikası Anonim Şirketi | 2,689,866 | 860,372 |
| Ford Otomotiv Sanayi A.Ş. | 2,369,055 | 1,287,709 |
| Other | 218,979 | 50,714 |
| | 5,277,900 | 2,198,795 |

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NOTE 23 - RELATED PARTY TRANSACTIONS (Continued)

| | 1 January- 31 December 2022 | 1 January- 31 December 2021 |
|---|--------------------------------|--------------------------------|
| Goods purchases from related parties | | |
| Tofaş Türk Otomobil Fabrikası Anonim Şirketi | 12,547,548 | 5,031,060 |
| Ford Otomotiv Sanayi A.Ş. | 10,611,770 | 5,011,062 |
| Other | 597,870 | 163,932 |
| | 23,757,188 | 10,206,054 |
| Sales of goods and services to related parties | | |
| Ford Otomotiv Sanayi A.Ş. | 926,105 | 522,470 |
| Tofaş Türk Otomobil Fabrikası Anonim Şirketi | 657,987 | 422,330 |
| Yapı Kredi Finansal Kiralam A.O | 223,440 | 13,976 |
| Yapı ve Kredi Bankası A.Ş. | 115,724 | 76,665 |
| Sendeo Dağıtım Hizmetleri A.Ş. | 55,710 | - |
| Arçelik A.Ş. | 43,407 | 31,080 |
| Türkiye Petrol Rafinerileri A.Ş. | 35,986 | 26,533 |
| Opet Petrolcülük A.Ş. | 35,855 | 21,237 |
| Diğer | 275,380 | 146,941 |
| | 2,369,594 | 1,261,232 |
| Interest income from related parties | | |
| Yapı ve Kredi Bankası A.Ş. | 62,026 | 6,208 |
| | 62,026 | 6,208 |
| Interest expense from related parties | | |
| Yapı ve Kredi Bankası A.Ş. | 199,671 | 55,400 |
| | 199,671 | 55,400 |
| Service purchases from related parties | | |
| Shareholders | 129,759 | 41,318 |
| | 129,759 | 41,318 |

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NOTE 24 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS

Benefits provided to senior management:

Total compensation provided to members of the Board of Directors, General Manager and Assistant General Managers by the Company during the year ended 31 December 2022 amounts to TRY 58,950 (31 December 2021: TRY 26,125). Compensation includes only short-term benefits.

Risk management objectives and principles

The Group's most important financial instruments are cash and cash equivalents and financial liabilities. The most important purpose of these financial instruments is to provide a source of financing for Group operations. The Group also has a variety of financial instruments, such as trade payables and trade receivables. The Group's most important risks arising from its financial instruments are interest rate risk, liquidity risk, exchange risk and credit risk. Group management reviews each of the risks outlined below and develops the following policies.

Credit risk

Credit risk is the risk of financial collapse of the other party that fails to meet its obligations with respect to a financial intermediary. The Group tries to manage the credit risk by limiting transactions with certain parties and by constantly evaluating the reliability of the parties to which it relates. All customers who want to work with credits according to group procedures are passed through loan review stages and necessary guarantees are taken. In addition, the receivables are constantly reviewed and the suspicious loan / receivable risk of the Group is minimized. Trade receivables are assessed by considering their past experience and current economic condition in the Group's management and are shown net on the balance sheet after the provision for doubtful receivables is appropriated (Note 5).

The values carried on the balance reflect the Group's maximum credit risk.

Types of credit exposed by types of financial instruments;

| 31 December 2022 | Trade receivables | | Other receivables | | Deposits at the bank | | Other |
|--|-------------------|------------------|-------------------|---------------|----------------------|------------------|-------|
| | Related parties | Third parties | Related parties | Third parties | Related parties | Third parties | |
| Maximum exposed credit risk as of reporting date (A+B+C+D+E) ⁽¹⁾ | 147,000 | 4,711,751 | 127,552 | 39,783 | 717,545 | 4,233,366 | - |
| - Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾ | - | 1,001,970 | - | - | - | - | - |
| A. Net book value of financial asset either are not due or not impaired | 147,000 | 4,437,430 | 127,552 | 39,783 | 717,545 | 4,233,366 | - |
| B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired | - | - | - | - | - | - | - |
| C. Net carrying value of financial assets which are overdue but not impaired | - | 274,321 | - | - | - | - | - |
| - Secured portion by guarantees, etc. | - | 274,321 | - | - | - | - | - |
| D. Net book value of the impaired assets | - | - | - | - | - | - | - |
| - Undue (gross book value) | - | 847,761 | - | - | - | - | - |
| - Impairment (-) | - | (847,761) | - | - | - | - | - |
| - Secured portion of the net value by guarantees, etc. | - | - | - | - | - | - | - |
| - Undue (gross book value) | - | - | - | - | - | - | - |
| - Impairment (-) | - | - | - | - | - | - | - |
| - Secured portion of the net value by guarantees, etc. | - | - | - | - | - | - | - |
| E. Off balance sheet items with credit risk | - | - | - | - | - | - | - |

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NOTE 24 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

| 31 December 2021 | Trade receivables | | Other receivables | | Deposits at the bank | | Other |
|--|-------------------|------------------|-------------------|---------------|----------------------|------------------|----------|
| | Related parties | Third parties | Related parties | Third parties | Related parties | Third parties | |
| Maximum exposed credit risk as of reporting date (A+B+C+D+E) ⁽¹⁾ | 115,055 | 2,530,751 | 186,812 | 22,997 | 35,354 | 1,303,374 | - |
| - Secured portion of the maximum credit risk by guarantees, etc ⁽²⁾ | - | 572,347 | - | - | - | - | - |
| A. Net book value of financial asset either are not due or not impaired | 115,055 | 2,435,857 | 186,812 | 22,997 | 35,354 | 1,303,374 | - |
| B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired | - | - | - | - | - | - | - |
| C. Net carrying value of financial assets which are overdue but not impaired | - | 94,865 | - | - | - | - | - |
| - Secured portion by guarantees, etc. | - | 94,865 | - | - | - | - | - |
| D. Net book value of the impaired assets | - | - | - | - | - | - | - |
| - Undue (gross book value) | - | 627,814 | - | - | - | - | - |
| - Impairment (-) | - | (627,814) | - | - | - | - | - |
| - Secured portion of the net value by guarantees, etc. | - | - | - | - | - | - | - |
| - Undue (gross book value) | - | - | - | - | - | - | - |
| - Impairment (-) | - | - | - | - | - | - | - |
| - Secured portion of the net value by guarantees, etc. | - | - | - | - | - | - | - |
| E. Off balance sheet items with credit risk | - | - | - | - | - | - | - |

⁽¹⁾ Amounts showing the maximum credit risk exposed as of reporting date by excluding guarantees in hand and other factors that increase the credit quality.

⁽²⁾ Major part of guarantees is composed of mortgages and trade receivable insurances.

As of 31 December 2022, secured portion by guarantees of the trade receivables either not due or not impaired amount to TRY 1,001,970 (31 December 2021: TRY 572,347).

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NOTE 24 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

Assets and liabilities denominated in foreign currencies together with the purchase and sale commitments cause the Group to be exposed to currency risk. The Group's policy is to compare possible future purchases and sales for each currency type.

| 31 December 2022 | Foreign exchange position table TRY equivalent (functional currency) | USD | EUR |
|--|---|----------------|-----------------|
| 1. Trade receivables | - | - | - |
| 2. Monetary financial assets (including cash, bank accounts) | 169,585 | 3,474 | 5,248 |
| 3. Other | - | - | - |
| 4. Current assets (1+2+3) | 169,585 | 3,474 | 5,248 |
| 5. Trade payables | - | - | - |
| 6. Financial liabilities | 586,334 | 4,320 | 25,360 |
| 7. Other short-term liabilities | - | - | - |
| 8. Short-term liabilities (5+6+7) | 586,334 | 4,320 | 25,360 |
| 9. Trade payables | - | - | - |
| 10. Financial liabilities | 724,325 | 5,358 | 31,309 |
| 11. Long-term liabilities (9+10) | 724,325 | 5,358 | 31,309 |
| 12. Total liabilities (8+11) | 1,310,659 | 9,678 | 56,669 |
| 13. Net foreign currency asset liability position (4-12) | (1,141,074) | (6,204) | (51,421) |
| 14. Monetary items net foreign currency asset / liability position (4-12) | (1,141,074) | (6,204) | (51,421) |
| 15. The net position of derivative instruments | 257,939 | 9,567 | 3,966 |
| 16. Foreign currency net position (14+15) | (883,135) | 3,363 | (47,455) |
| 17. Loans defined as hedging instruments ⁽¹⁾ | 980,598 | - | 49,190 |
| 18. Net foreign currency position after hedging instruments (16+17) | 97,463 | 3,363 | 1,735 |

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NOTE 24 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

| 31 December 2021 | Foreign exchange position table TRY equivalent (functional currency) | USD | EUR |
|--|--|----------------|-----------------|
| 1. Trade receivables | - | - | - |
| 2. Monetary financial assets (including cash, bank accounts) | 175,540 | 8,249 | 4,665 |
| 3. Other | - | - | - |
| 4. Current assets (1+2+3) | 175,540 | 8,249 | 4,665 |
| 5. Trade payables | - | - | - |
| 6. Financial liabilities | 119,032 | 5,313 | 3,411 |
| 7. Other short-term liabilities | - | - | - |
| 8. Short-term liabilities (5+6+7) | 119,032 | 5,313 | 3,411 |
| 9. Trade payables | - | - | - |
| 10. Financial liabilities | 418,582 | 4,995 | 24,094 |
| 11. Long-term liabilities (9+10) | 418,582 | 4,995 | 24,094 |
| 12. Total liabilities (8+11) | 537,614 | 10,308 | 27,505 |
| 13. Net foreign currency asset liability position (4-12) | (362,074) | (2,059) | (22,840) |
| 14. Monetary items net foreign currency asset / liability position (4-12) | (362,074) | (2,059) | (22,840) |
| 15. The net position of derivative instruments | 28,365 | 2,186 | - |
| 16. Foreign currency net position (14+15) | (333,709) | 127 | (22,840) |
| 17. Loans defined as hedging instruments ⁽¹⁾ | 323,671 | - | 22,045 |
| 18. Net foreign currency position after hedging instruments (16+17) | (10,038) | 127 | (795) |

⁽¹⁾ The balance includes the loan amounting to EUR 49,190 used for the Olympic company purchased under business combinations (31 December 2021: EUR 22,045). Exchange gains / losses related to the loans are accounted in earnings/losses on hedge of investment in a foreign operation under shareholders equity to be offset from foreign exchange differences arising from translation of net assets into Turkish Lira.

A sensitivity analysis of 20% change in the US Dollar, Euro and other foreign currency liabilities (excluding foreign currency denominated inventory and tangible asset advances) is as follows when the other variables of the Company's pre-tax profit are fixed as of 31 December 2022 and 31 December 2021:

| | Exchange rate sensitivity analysis table | | | |
|---|--|--|--|--|
| | 31 December 2022 Gain/(loss) | | 31 December 2021 Gain/(loss) | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| <i>In case 20% appreciation of US Dollar against TRY: (31 December 20%)</i> | | | | |
| 1- USD net asset liabilities | (23,201) | 23,201 | (5,344) | 5,344 |
| 2- Amount hedged for US Dollar risk (-) | - | - | - | - |
| 3- USD net effect (1+2) | (23,201) | 23,201 | (5,344) | 5,344 |
| <i>In case 20% appreciation of EUR against TRY: (31 December 20%)</i> | | | | |
| 4- EUR net asset liabilities | (205,014) | 205,014 | (67,069) | 67,069 |
| 5- Amount hedged for EUR risk (-) | 196,119 | (196,119) | 64,734 | (64,734) |
| 6- EUR net effect (4+5) | (8,895) | 8,895 | (2,335) | 2,335 |
| Total (3+6) | (32,096) | 32,096 | (7,679) | 7,679 |

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

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NOTE 24 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2022, the future minimum TRY equivalent of the undiscounted US Dollar, Euro, Manat, Tenge, Forint and TRY operational lease receivables are TRY 204,415, TRY 79,224, TRY 286,811, TRY 181,830 TRY 90,468 and TRY 3,200,503 respectively. (31 December 2021 28,365 TRY, 13,257 TRY, 170,273 TRY ve 2,434,285 TRY).

Otokoç Holland, a subsidiary of the Group, defined its loans amounting to EUR 49,190 as hedging instrument in order to hedge its foreign currency risk arising from the translation of its net investments in subsidiaries operating in Europe into Turkish Lira. Exchange gains/losses of aforementioned loans are recognized in gains/losses on hedge of net investment in foreign operations in equity to be offset against foreign exchange differences amounting to TRY 229,217 resulting from the translation of net assets into foreign currency.

Interest rate risk

As of 31 December 2022, the Group has no financial liabilities with variable interest rate.

At 31 December 2022, if interest rates of EUR denominated borrowings with variable interest rates have strengthened/weakened by 100 base points with all other variables held constant, income before taxes would not change.

Interest rate position table is as follows:

| Financial instruments with fixed interest rate | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Financial assets | - | - |
| Cash and cash equivalents | 4,157,373 | 894,700 |
| Financial liabilities | | |
| Borrowings | 19,109,661 | 10,678,851 |
| Other borrowings | - | - |
| Financial instruments with floating interest rate | | |
| Financial liabilities | | |
| Borrowings | - | - |

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NOTE 24 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that a company can not meet its funding needs. Liquidity risk is reduced by balancing cash inflows and outflows with the support of credits given by reliable Lenders.

The breakdown of the financial assets and liabilities according to their maturities is indicated taking into account the period from the balance sheet date to the maturity date. Financial assets and liabilities that do not have a specific hyperinflation are classified as one year to long term.

31 December 2022

| Maturities under contract | Book value | Cash outflows under contract total (=I+II+III+IV) | Up to 3 months (I) | 3 months-1 year(II) | 1 - 5 years (III) | 5 years and over (IV) |
|-----------------------------------|------------|---|--------------------|---------------------|-------------------|-----------------------|
| Financial liabilities | | | | | | |
| Financial payables | 18,767,918 | 19,109,661 | 2,076,492 | 4,137,413 | 12,895,756 | - |
| Trade payables | 2,857,055 | 2,857,055 | 2,857,055 | - | - | - |
| Trade payables to related parties | 5,277,900 | 5,277,900 | 5,277,900 | - | - | - |
| | 26,902,873 | 27,244,616 | 10,211,447 | 4,137,413 | 12,895,756 | - |

31 December 2021

| Maturities under contract | Book value | Cash outflows under contract total (=I+II+III+IV) | Up to 3 months (I) | 3 months-1 year(II) | 1 - 5 years (III) | 5 years and over (IV) |
|-----------------------------------|------------|---|--------------------|---------------------|-------------------|-----------------------|
| Financial liabilities | | | | | | |
| Financial payables | 10,468,175 | 10,678,851 | 764,964 | 2,762,180 | 7,151,707 | - |
| Trade payables | 1,222,927 | 1,222,927 | 1,222,927 | - | - | - |
| Trade payables to related parties | 2,198,795 | 2,198,795 | 2,198,795 | - | - | - |
| | 13,889,897 | 14,100,573 | 4,186,686 | 2,762,180 | 7,151,707 | - |

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

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NOTE 24 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

Capital management policy

The Group's objectives when managing capital are to safeguard 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 adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net financial debt/total equity ratio.

As of 31 December 2022 and 2021 the consolidated net financial debt/total equity ratios are as follows:

| | 31 December 2022 | 31 December 2021 |
|---------------------------------|------------------|------------------|
| Total financial liabilities | 19,109,661 | 10,678,851 |
| Cash and cash equivalent(-) | (5,294,107) | (1,505,535) |
| Net financial liabilities | 13,815,554 | 9,173,316 |
| Total equity | 11,063,069 | 5,507,499 |
| Liabilities/equity ratio | 1.25% | 1.67% |

OTOKOÇ OTOMOTİV TİCARET VE SANAYİ A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2022

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NOTE 25 - FINANCIAL INSTRUMENTS (FAIR VALUE FINANCIAL AND RISK MANAGEMENT DISCLOSURES)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial asset

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term. The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values. Foreign currency denominated assets are translated into Turkish Lira at the exchange rates prevailing at the end of the period.

Financial liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. The fair values of long-term financial liabilities and other financial liabilities are estimated to be their fair values since they keep denominated in foreign currencies.

Foreign currency denominated liabilities are translated into Turkish Lira at the exchange rates prevailing at the end of the period.

Derivative financial instruments

The Group is hedged from currency risk sourcing from foreign currency operational leasing receivables firm commitment through making financial borrowing in the same foreign currency. In this framework, the Group implements hedge accounting.

The total amount of foreign currency differences of operational leasing receivables since beginning hedge accounting is TRY 602,773 (31 December 2021: TRY 536,811), and the amortization amount resulting from the periodic renewal of hedge accounting is TRY 587,595 (31 December 2021: TRY 536,811). There is no net income generated (31 December 2021: TRY 15,955). The total amount of exchange differences of financial borrowings defined as hedging instruments since the beginning of hedge accounting is TRY 588,924 (expense) (31 December 2021: TRY 579,331 (expense)). The Group periodically updates its items subject to hedge accounting and its hedging instruments portfolio and measures hedging effectiveness with respect to the related periods.

a) Derivative financial assets held for cash flow hedges

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Short-term hedging derivative instruments | 66,129 | - |
| Long term hedging derivative instruments | 7,950 | - |
| | 74,079 | - |

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NOTE 25 - FINANCIAL INSTRUMENTS (FAIR VALUE FINANCIAL AND RISK MANAGEMENT DISCLOSURES) (Continued)

b) Financial investments

| | Share rate (%) | 31 December 2022 | 31 December 2021 |
|------------------------------------|----------------|------------------|------------------|
| Otokoç - Ukraine LLC | 100 | 2,762 | 2,762 |
| Otokoç - Georgia LLC | 100 | 290 | 290 |
| Otokoç - Iraq LLC | 100 | 2 | 2 |
| Wat Mobilite | 15 | 11,251 | - |
| YKB Girişim Sermayesi Yatırım Fonu | - | 11,296 | - |
| Bluedot Technologies Inc. | - | 1,638 | - |
| Otokoç - Kazakistan LLP | 100 | - | 526 |
| | | 27,239 | 3,580 |

As of 31 December 2022, the Group's financial assets not included within the scope of consolidation due to the fact that their financial statements are not material for consolidation purposes they are Otokoç - Ukraine LLC, Otokoç - Iraq LLC, Otokoç - Georgia LLC. Since their fair value can not be determined reliably and not traded in an organized market, they are valued by decreasing the impairment loss from the acquisition cost.

NOTE 26 - SUBSEQUENT EVENTS

None.

CONTACT INFORMATION

The head office of the Company is at Aydınevler Mah. Saygı Cad. No: 60 Maltepe / İstanbul.

The Company is registered at the İstanbul Trade Registry Office (Nr. 459231).

The contact information of the head office of the Company and its branches are as follows:

| Head Office | | ADDRESS | TELEPHONE |
|-----------------------------------|---|---|-------------------|
| | | Aydınevler Mah. Saygı Cad. No: 60 34854 Maltepe/İstanbul | (216) 5879800 |
| Otokoç (Ford, Ford Trucks, Volvo) | BRANCH | ADDRESS | TELEPHONE |
| | Adana | Sanhamzalı Mah. Turhan Cemal Beriker Bulv. Mersin Yolu 9. Km No: 531/A Seyhan/Adana | (+90 322) 4411717 |
| | Adana | Sanhamzalı Mah. Turhan Cemal Beriker Bulv. Mersin Yolu 9. Km No: 531/A Seyhan/Adana | (+90 322) 4411717 |
| | Adana Tarsus | Yunus Emre Mah. Sait Polat Bulv. No: 60 Tarsus/Mersin | (+90 324) 6146060 |
| | Ankara Söğütözü | Söğütözü Mah. Söğütözü Cad. Koç Kuleleri C Blok No: 2 D: 8-9 Çankaya/Ankara | (+90 312) 2205500 |
| | Ankara Ümitköy | Erler Mah. Eskişehir Yolu 12. Km Dumlupınar Bulv. No: 350 Ümitköy, Etimesgut/Ankara | (+90 312) 2074700 |
| | Antalya | Altınova Sinan Mah. Serik Cad. No: 253 Kepez/Antalya | (+90 242) 3402685 |
| | Antalya | Altınova Sinan Mah. Serik Cad. No: 253 Kepez/Antalya | (+90 242) 3402685 |
| | Antalya Alanya | Tosmur Mah. İbrahim Bilgen Cad. No: 1 Alanya/Antalya | (+90 242) 5151380 |
| | Ataşehir | Küçükbakkalköy Mah. Kayışdağı Cad. Flora Plaza No: 3 Ataşehir/İstanbul | (+90 216) 2509500 |
| | Bursa | Ertuğrul Mah. İzmir Yolu 10. Km No: 380/A Nilüfer/Bursa | (+90 224) 2703900 |
| | Eskişehir | Şirintepe Mah. İsmet İnönü-2 Cad. No: 64 Tepebaşı/Eskişehir | (+90 222) 3351010 |
| | İstinye | İstinye Mah. Sarıyer Cad. No: 70/C Sarıyer/İstanbul | (+90 212) 2299555 |
| | İstinye | İstinye Mah. Sarıyer Cad. No: 70/C Sarıyer/İstanbul | (+90 212) 2299555 |
| | İzmir | Kazım Dirik Mah. 296 Sok. No: 1 Bornova/İzmir | (+90 232) 4989000 |
| | Konya | İstanbul Yolu Üzeri Sancak Mah. Büyükkırmak Sok. No: 1 Selçuklu/Konya | (+90 332) 2554233 |
| | Konya | İstanbul Yolu Üzeri Sancak Mah. Büyükkırmak Sok. No: 1 Selçuklu/Konya | (+90 332) 2554233 |
| | Samsun | Kutlukent Mah. Samsun Çarşamba Karayolu 10. Km No: 302 Tekkeköy/Samsun | (+90 362) 2666112 |
| | Samsun | Kutlukent Mah. Samsun Çarşamba Karayolu 10. Km No: 302 Tekkeköy/Samsun | (+90 362) 2666112 |
| | Sultanbeyli | Akşemsettin Mah. Atatürk Cad. No: 328 Sultanbeyli/İstanbul | (+90 216) 4875327 |
| | Taşdelen | Taşdelen Mah. Sırnı Çelik Bulv. No: 9/A Çekmeköy/İstanbul | (+90 216) 4301200 |
| Taşdelen | Taşdelen Mah. Sırnı Çelik Bulv. No: 9/A Çekmeköy/İstanbul | (+90 216) 4301200 | |
| Otokoç (Fiat, AFJ, Maserati) | BRANCH | ADDRESS | TELEPHONE |
| | Adana | Sanhamzalı Mah. Turhan Cemal Beriker Bulv. Mersin Yolu 6. Km No: 521/A Seyhan/Adana | (+90 322) 4411111 |
| | Antalya | Altınova Sinan Mah. Serik Cad. No: 301 Kepez/Antalya | (+90 242) 3402200 |
| | Antalya | Altınova Sinan Mah. Serik Cad. No: 301 Kepez/Antalya | (+90 242) 3402200 |
| | Antalya | Altınova Sinan Mah. Serik Cad. No: 301 Kepez/Antalya | (+90 242) 2251818 |
| | Ataşehir | Vedat Günyol Cad. Dereyolu Sok. No: 3 Küçükbakkalköy/İstanbul | (+90 216) 5752930 |
| | Beylikdüzü | Barış Mah. E-5 Yanyol Karadeniz Cad. No: 1 Beylikdüzü/İstanbul | (+90 212) 8662400 |
| | Beylikdüzü | Barış Mah. E-5 Yanyol Karadeniz Cad. No: 1 Beylikdüzü/İstanbul | (+90 212) 8662400 |
| | Eskişehir | Şirintepe Mah. İsmet İnönü-2 Cad. No: 68 Tepebaşı/Eskişehir | (+90 222) 3352430 |
| | İstinye | İstinye Mah. Sarıyer Cad. No: 70/A Sarıyer/İstanbul | (+90 212) 2292700 |
| | İstinye | İstinye Mah. Sarıyer Cad. No: 70/A Sarıyer/İstanbul | (+90 216) 4165100 |
| | İzmir | Çınarlı Mah. Ankara Asfaltı Cad. No: 30 Konak/İzmir | (+90 232) 4989100 |
| | Küçükyalı | Aydınevler Mah. Siteler Yolu Sok. No: 12 Maltepe/İstanbul | (+90 216) 5879870 |
| | Kütahya | İnköy Mah. Kütahya Eskişehir Yolu 3. Km No: 29 Merkez/Kütahya | (+90 274) 2251099 |
| | Nilüfer | Ertuğrul Mah. İzmir Yolu 10. Km No: 378/A Nilüfer/Bursa | (+90 224) 4139400 |
| | Osmangazi | Alaşarköy Mah. Yeni Yalova Yolu Cad. No: 628/C Osmangazi/Bursa | (+90 224) 2703939 |
| | Samsun | Kutlukent Mah. Samsun Çarşamba Karayolu 10. Km No: 210 Tekkeköy/Samsun | (+90 362) 2668110 |
| | Söğütözü | Söğütözü Mah. Söğütözü Cad. Koç Kuleleri C Blok No: 2 D: 8-9 Çankaya/Ankara | (+90 312) 2205500 |
| | Söğütözü | Söğütözü Mah. Söğütözü Cad. Koç Kuleleri C Blok No: 2 D: 8-9 Çankaya/Ankara | (+90 312) 2205502 |
| | Suadiye | Bostancı Mah. Bağdat Cad. Türel Apt. No: 444/A Suadiye/İstanbul | (+90 216) 4165100 |
| | Yenimahalle | Macun Mah. Bağdat Cad. Aselsan Kavşağı No: 97 Yenimahalle/Ankara | (+90 312) 5918600 |
| Yenimahalle | Macun Mah. Bağdat Cad. Aselsan Kavşağı No: 97 Yenimahalle/Ankara | (+90 312) 5918621 | |
| Zincirlikuyu | Esentepe Mah. Büyükdere Cad. No: 145 Zincirlikuyu, Şişli/İstanbul | (+90 212) 3703333 | |

| BRANCH | ADDRESS | TELEPHONE |
|--|--|-------------------|
| Adana Airport Domestic Flights | Adana Havalimanı İç Hatlar Terminali Şakirpaşa/Adana | (+90 322) 4350476 |
| Ankara Avis Filo | Söğütözü Mah. Söğütözü Cad. C Blok No: 2C/1 Ankara | (+90 312) 4672313 |
| Ankara Batıkent | Ankara ili Yenimahalle ilçesi, Kardelen Mah. Başkent Bulv. No: 224/H16 / Ankara | (+90 312) 9094966 |
| Ankara Esenboğa Airport | Esenboğa Havalimanı İç Hatlar Gelen Yolcu Salonu Çubuk/Ankara | (+90 312) 3980315 |
| Ankara Kavaklıdere | Söğütözü Mah. Söğütözü Cad. No: 2 Koç Kuleleri C Blok 8-9 Çankaya/Ankara | (+90 312) 4672313 |
| Antalya Airport International Flights | Antalya Havalimanı Dış Hatlar Terminali Gelen Yolcu Salonu Antalya | (+90 242) 3303008 |
| Antalya Airport Domestic Flights | Antalya Havalimanı İç Hatlar Terminali Gelen Yolcu Salonu Antalya | (+90 242) 3303073 |
| Antalya Konyaaltı | Gürsu Mah. Atatürk Bulv. No: 179/A – İç Kapı No: 1 Konyaaltı / Antalya | (+90 242) 2252829 |
| Ataşehir | Barbaros Mah. Morsümbül Sok, No: 8-N Watergarden AVM Ataşehir/İSTANBUL | (+90 216) 2273101 |
| Beylikdüzü | Barış Mah. Karadeniz Cad. No: 1 34900 Beylikdüzü/İstanbul | (+90 212) 8530893 |
| Bodrum Airport Domestic Flights | Ekinanbarı Mah. Havaalanı Sok. D.H.M.İ Apt No: 3 Milas/Muğla | (+90 252) 5230201 |
| Bursa | Odonluk Mah. Mihraplı Cad. No: 12/1 Nilüfer/Bursa | (+90 332) 3261924 |
| Çeşme | İnönü Mah. İzmir Cad. No: 40 Çeşme/İzmir | (+90 549) 7748498 |
| Dalaman Airport International Flights | Dalaman Havalimanı İç Hatlar Gelen Yolcu Salonu Dalaman/Muğla | (+90 252) 7925118 |
| Eskişehir | Yenibaşlar Mah. Eti Cad. No: 39/B Tepebaşı/Eskişehir | (+90 222) 3303060 |
| İstanbul Airport | Tayakadın Mah. Terminal Cad. No: 255 Arnavutköy/İstanbul | (+90 549) 8271110 |
| İstinye | Sarıyer Cad. No: 70/A İstinye-Sarıyer/İstanbul | (+90 212) 2138165 |
| İzmir | İsmet Kaptan Mah. Gazi Osman Paşa Bulv. Hilton Oteli Apt. No: 7/B02 Konak/İzmir | (+90 232) 4414417 |
| Kadıköy | Bağdat Cad. Hacer Apt. No: 145/1 - A 34724 Feneryolu-Kadıköy/İstanbul | (+90 216) 3553665 |
| Konya Airport | Büyük Kayacık Mah. Vali Ahmet Kayhan Cad. No: 15 Gelen yolcu salonu Selçuklu/Konya | (+90 332) 3261924 |
| Konya Şehir | Musalla Bağları Mah. Adnan Menderes Cad. No: 6/A Selçuklu/Konya | (+90 549) 2416933 |
| Koşuyolu | Acıbadem Mah. Fatih Sok. Tepe Nautilus Apt. No: 1/35 Kadıköy/İstanbul | (+90 216) 3504878 |
| Ordu Giresun Airport | Ordu Giresun Havalimanı Hoşköy Mah., Ordu Cad. No: 28-52/5 Gülyalı /Ordu | (+90 452) 2131536 |
| Rize Artvin Airport | İkiztepe Mah. İkiztepe Cd. Rize-Artvin Havalimanı Terminal Binası No: 2 / Z171 Pazar / Rize | (+90 464) 2192931 |
| Sabiha Gökçen Airport Domestic Flights | Sabiha Gökçen Uluslararası Havalimanı İç Hatlar Geliş Terminali Kurtköy-Pendik/İstanbul | (+90 216) 5885196 |
| Samsun | Çınarlık Mah. Hava Alanı Kümesi (Küme Evler) Havaalanı Terminal İşyerleri Apt. No: 7/1 Çarşamba/Samsun | |
| Samsun Şehir | Samsun ili Denizevleri Mah. Atatürk Bulv. 36/D Atakum / Samsun | (+90 362) 4301224 |
| Sancaktepe | Eyüp Sultan Mah. Yedigöller Sok. A Blok No: 30-38 A/272 Sancaktepe/İstanbul | (+90 216) 5879481 |
| Taksim | Harbiye Mah. Cumhuriyet Cad. No: 50/A Şişli/İstanbul | (+90 212) 2449350 |
| Trabzon Airport Domestic Flights | Trabzon Havalimanı İç Hatlar Geliş Terminali No: 8 Trabzon | (+90 462) 3255582 |
| Yenibosna | Fevzi Çakmak Mah. Yıldırım Beyazıt Cad. Koçtaş 34197 Bahçelievler/İstanbul | (+90 212) 9423360 |
| Zincirlikuyu | Büyükdere Cad. No: 145 34394 Zincirlikuyu/İstanbul | (+90 212) 2138165 |

CONTACT INFORMATION

| | BRANCH | ADDRESS | TELEPHONE |
|-----------|---|---|-------------------|
| BUDGET | Adana | Emek Mah. Barış Bulv. Havaalanı Sit. No: 12 Seyhan/Adana | (+90 322) 2372346 |
| | Adnan Menderes Airport International Flights | 9 Eylül Mah. Akçay Cad. Kapı No: 289 Gaziemir-İzmir Adnan Menderes Havalimanı İç Hatlar Gaziemir-İzmir | (+90 232) 2741111 |
| | Ankara Batıkent | Ankara ili Yenimahalle ilçesi, Kardelen Mah. Başkent Bulv. No: 224/H11 / Ankara | (+90 312) 9094967 |
| | Antalya Airport Domestic Flights | Serik Cad. Yeşilköy Mah. Muratpaşa İlçesi Antalya Havalimanı İç Hatlar Terminali Gelen Yolcu Salonu 07230 Antalya | (+90 242) 3303395 |
| | Ataşehir | Barbaros Mah. Kızılbegonya Sok. No: 10/1 Batı Ataşehir Watergarden Mağaza No: BB: B-72 B Blok Ataşehir/İstanbul | (+90 216) 2273102 |
| | Beylikdüzü | Barış Mah. Sakarya Cad. Sit. Apt. No: 2 B/2 Beylikdüzü/İstanbul | (+90 212) 9422669 |
| | Bodrum | Eskiçeşme Mah. Caferpaşa Cad. No: 9 Bodrum/Muğla | (+90 252) 5230271 |
| | Bodrum Airport Domestic Flights | Ekinanbarı Mah. Havaalanı Sok. D.H.M.I AptNo: 3 Milas/Muğla | (+90 252) 5230271 |
| | Bursa | Muradiye Mah. Çekirge Cad. Aktar Apt. No: 37/2 Osmangazi 16050 Bursa | (+90 224) 2245565 |
| | Dalaman Airport Domestic Flights | Ege Mah. Dalaman Havalimanı Başmüdürlüğü No: 25/148 İç Hatlar Gelen Yolcu Kısmı Dalaman/Muğla | (+90 252) 7925150 |
| | Esenboğa Airport Domestic Flights | Turgut Özal Bulv. Esenboğa Havalimanı İç Hatlar Gelen Yolcu Salonu 06100 Çubuk/Ankara | (+90 312) 3982034 |
| | Eskişehir | Hoşnudiye Mah. 738. Sokak No: 10 B Tepebaşı/Eskişehir | (+90 222) 2351219 |
| | İstanbul Airport | Tayakadın Mah. Terminal Cad. No: 255 Arnavutköy/İstanbul | (+90 332) 3261924 |
| | İzmir | İsmet Kaptan Mah. Şair Eşref Bul. Karaahmetoğlu İşhanı No: 22 Konak/İzmir | (+90 232) 2741111 |
| | Karşıyaka | Nergiz Mah. Girne Bulv. 131/A Karşıyaka/İzmir | (+90 232) 2420894 |
| | Konya | Musalla Bağları Mah. Adnan Menderes Cad. No: 6/A Selçuklu/Konya | (+90 332) 3261924 |
| | Konya Airport | Büyükkayacık Mah. Vali Ahmet Kayhan Cad. No: 15 Selçuklu/Konya | (+90 332) 2343146 |
| | Koşuyolu | Acıbadem Mah. Fatih Sok. Tepe Nautilus Apt. No: 1/35 Kadıköy/İstanbul | (+90 216) 2275124 |
| | Manisa | Laleli Mah., Ali Rıza Efendi Cad., No: 2/A Yunusemre/Manisa | (+90 236) 2282279 |
| | Sabiha Gökçen Airport Domestic Flights | Sanayi Mah. S. Gökçen İç Yolu Sabiha Gökçen Uluslararası Hvl. Kurtköy Pendik/İstanbul | (+90 216) 5885198 |
| Taksim | Harbiye Mah. Cumhuriyet Cad. Hiltonoteli Apt. No: 50/H Şişli/İstanbul | (+90 212) 2449354 | |
| Yenibosna | Fevzi Çakmak Mah. Dumlupınar Cad. No: 50 Bahçelievler/İstanbul | (+90 212) 4650240 | |

