



Annual Report 2023

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Our Journey to 2030



Our Mission

To provide superior values to the society through sustainable growth.



Our Vision

We assure your mobility with our high-quality products, customer centric services and solutions. Our business is beyond tyres.



Our Strategy

1. Enhance operational excellence of Bridgestone and Sabancı
2. Pioneer in sustainability
3. Strengthen our financial resilience
4. Develop our competencies according to the needs of the future, drive to future

Our Priorities



Carrying Brisa beyond tyre and transforming into a mobile solutions company



Strengthening our undisputed leadership in tyre business

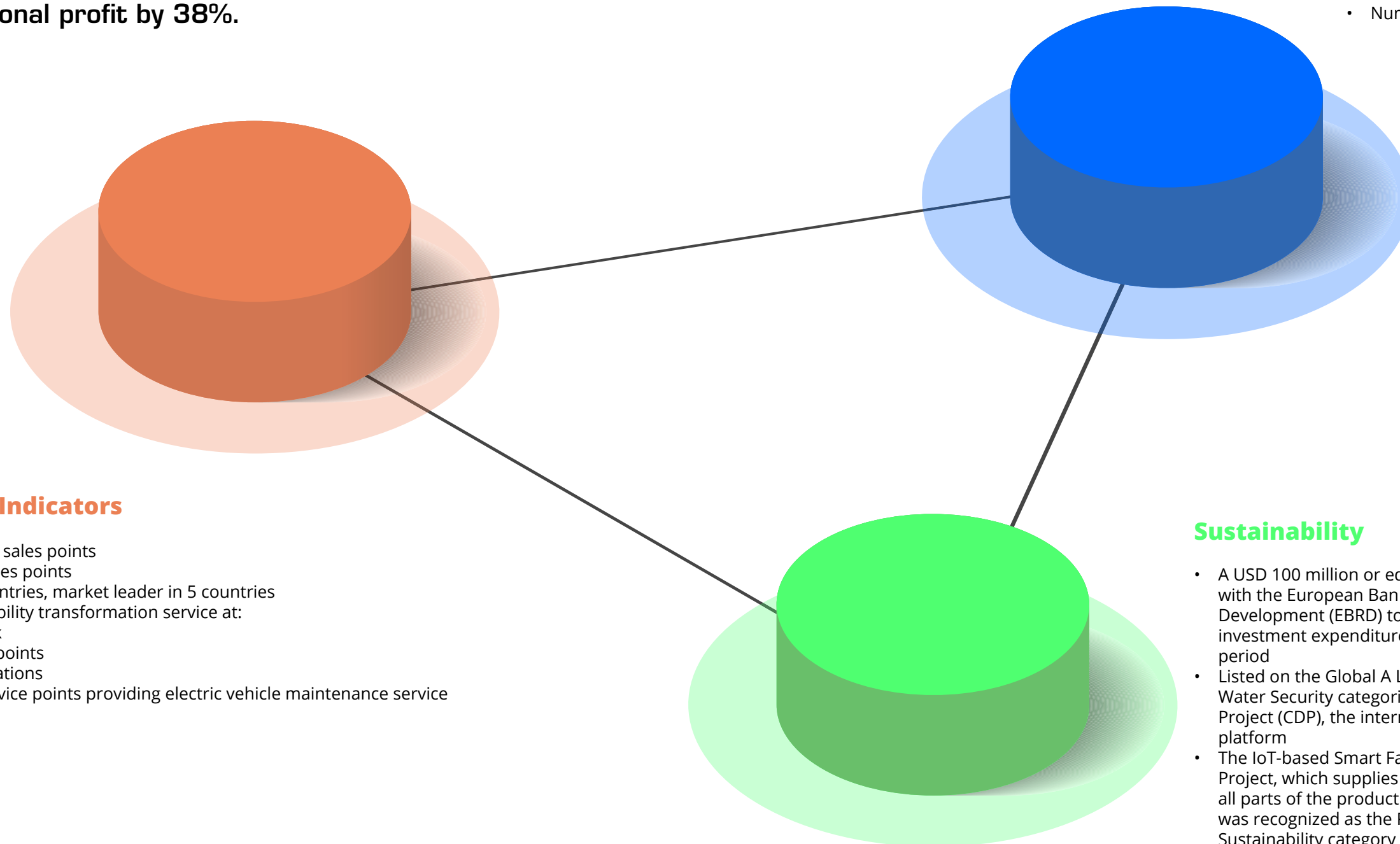
BRISA IN FIGURES

Double-digit increase in operational profit

In the year of 2023, which has been full of success, Brisa increased its operational profit by 38%.

Financial Indicators

- Operational profit growth: 38%
- EBITDA growth: 5%
- Net profit growth: 58%
- Net debt/EBITDA: -0.12
- Number of net working capital days: 18



Operational Indicators

- 1,200+ domestic sales points
- 6,000+ global sales points
- Export to 83 countries, market leader in 5 countries
- Accelerating mobility transformation service at:
 - 117 Otopratik
 - 22 Propratik points
- 68 e-charging stations
- 29 Otopratik service points providing electric vehicle maintenance service

Sustainability

- A USD 100 million or equivalent loan agreement with the European Bank for Reconstruction and Development (EBRD) to be used to finance the new investment expenditure program for the 2023-2025 period
- Listed on the Global A List in the Climate Change and Water Security categories of the Carbon Disclosure Project (CDP), the international environmental reporting platform
- The IoT-based Smart Factory Heating Control System Project, which supplies equal heat distribution in all parts of the production area at the Izmit Plant, was recognized as the Project of the Year in the Sustainability category at the IDC Awards
- Low Risk level in Sustainalytics ESG Risk Assessment

DEVELOPMENTS IN 2023

A global exemplary company preparing for the future with mobility transformation

Brisa is included in the Global A List in the Climate Change and Water Security categories of the Carbon Disclosure Project (CDP), an international environmental reporting platform, becoming the only company in the global tyre industry to be on the Global A List in both categories.



Operational profit increased by 38%

Brisa recorded a 38% increase in operational profit compared to the previous year as a result of its balanced sales channel portfolio, effective pricing policies, greater production efficiency, and strong hedging policies against exchange rate risks.



Market leader across five countries with the Lassa brand

Lassa expanded its market share in 21 countries, including European and non-European markets, and led the market in five countries.



Expanding mobility centres network

Brisa is taking firm steps in its mobility transformation. As of the year-end 2023, the Company provides services at 117 Otopratik and 22 Propratik locations. The number of e-charging stations reached 68, and the number of Otopratik points providing EV and hybrid vehicle maintenance service reached 29.



Loan agreement of USD 100 million or equivalent with the EBRD

A loan agreement of USD 100 million or equivalent was signed with the European Bank for Reconstruction and Development (EBRD) to finance the new investment expenditure program for the 2023-2025 period.



Izmit Plant awarded the Sustainability Project of the Year

The IoT-based Smart Factory Heating Control System Project, which supplies equal heat distribution in all parts of the production area at the Izmit Plant, was recognized as the Project of the Year in the Sustainability category at the IDC Awards.



Ranked among the global leaders in sustainability

Brisa is included in the Global A List in the Climate Change and Water Security categories of the Carbon Disclosure Project (CDP), an international environmental reporting platform, becoming the only company in the global tyre industry to be on the Global A List in both categories.



One of Türkiye's most valuable brands and the most valuable brand in its industry

Brisa maintained its leadership in the industry according to the "Turkey 100 - Turkey's Most Valuable Brands" survey, conducted for the 17th time by Brand Finance, an international brand valuation organization.

ABOUT SABANCI GROUP AND BRIDGESTONE CORPORATION

Great synergy created by experience and know-how

60 THOUSAND+
NUMBER OF
SABANCI GROUP
EMPLOYEES

130
NUMBER OF
BRIDGESTONE
GROUP
MANUFACTURING
AND R&D
FACILITIES

Sabancı Group

Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), headquartered in Istanbul, is one of Türkiye's leading conglomerates. Through its subsidiaries and affiliates, the Group operates in various industries, including banking, financial services, energy, industry and building materials.

Sabancı Group companies deliver their products and services to all over the world with various investments in 14 countries and more than 60 thousand employees. Sabancı Holding's international business partners include the world's leading companies such as Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Materials and Skoda.

Bridgestone Corporation

Headquartered in Tokyo, Bridgestone Corporation is a world leader in tyres and rubber, and is evolving into a sustainable solutions company. With a business presence in more than 150 countries worldwide, Bridgestone offers a diverse portfolio of original equipment and replacement tyres, tyre-centric solutions, mobility solutions, and other rubber-associated and diversified products that deliver social and customer value.

Bridgestone Group has about 130 manufacturing and R&D facilities.

ABOUT BRISA

Among Türkiye's leading companies in operational excellence

Brisa generates innovative and pioneering mobility solutions with the aim of providing its customers a great journey experience beyond tyres.

3,000+
EMPLOYEES

1,200+
DOMESTIC
SALES POINTS

6,000+
GLOBAL SALES
POINTS

The foundations of Brisa were laid with Lassa, which was established in 1974 as a venture of Sabancı Holding and its partners. In 1988, it was renamed to Brisa upon partnership between Sabancı Group and Bridgestone Corporation, the world's largest tyre manufacturer. In 1996, Brisa became the first Turkish company to win the European Quality Grand Prize in recognition of its outstanding performance in business excellence. With more than 3 thousand employees in its state-of-the-art manufacturing facilities in Izmit and Aksaray, Brisa leads the industry through innovation and manufactures 13.5 million tyres per year. The Company introduces high-performance and quality products specifically designed to meet future needs of the world through projects developed by Turkish engineers in the certified R&D Centre equipped with Bridgestone's technologies in the Izmit Plant. Aksaray Plant, the first ever manufacturing plant equipped with smart technologies in the Turkish tyre industry established with an investment of USD 300 million in 2018, utilizes new generation technologies such as robotics, big data and augmented reality. The plant represents one of the first implementations of Industry 4.0 in Türkiye as its uses

artificial intelligence, software-based networks, robotic technologies and smart production techniques. Brisa continues its investments in tyre production in both plants by focusing on the growth potential of the Turkish industry and its export capabilities.

With more than 1,200 sales points, Brisa has the most extensive dealer network in the Turkish automotive industry. The Company exhibits a strong performance in international markets with the Lassa brand and adds value to the Turkish economy while strengthening its global operations with exports to more than 6 thousand sales points across nearly 90 countries.

Brisa manufactures special tyres for automobiles, light commercial vehicles, buses, trucks, agricultural and construction machinery with its brands Bridgestone, Lassa and Dayton. The Company also offers Kinesis brand forklift tyres and Firestone brand agricultural equipment tyres, which meet international standards in terms of safety and quality criteria for industrial equipment. Additionally, the Company leads the way in the industry and adds value to its business partners with a wide range of solutions, services and brands, including Bandag retreading brand, Veloxia domestic retreading brand,

ABOUT BRISA

Brisa implements end-to-end digital, on-site and smart services with the service-oriented approach of its mobility team and all of its employees.

Lastiğim sales points, Otopratik and Propratik fast service points positioned as mobility centres, alternative sales channel of lastik.com.tr, Profleet fleet services, Mobilfix mobile service trucks offering on-site servicing for commercial vehicle fleets, Lastik Oteli tyre storage service, Filofix roadside assistance service for commercial vehicles, and Brisa Academy training platform.

With its deep-rooted history and manufacturing capabilities, Brisa is going through a mobility transformation with aspirations much beyond tyres. As the mobility leader in the tyre industry, the focus of the Company's 2030 road map is on making further leaps in the "Mobility Solutions" business. Brisa generates innovative and pioneering mobility solutions with the aim of providing its customers a great journey experience beyond tyres. In line with these aspirations, the Company implements end-to-end digital, on-site and smart services with the service-oriented approach of its mobility team and all of its employees.

Brisa took one of its biggest steps in its mobility transformation in 2022 by acquiring Arvento, the leading

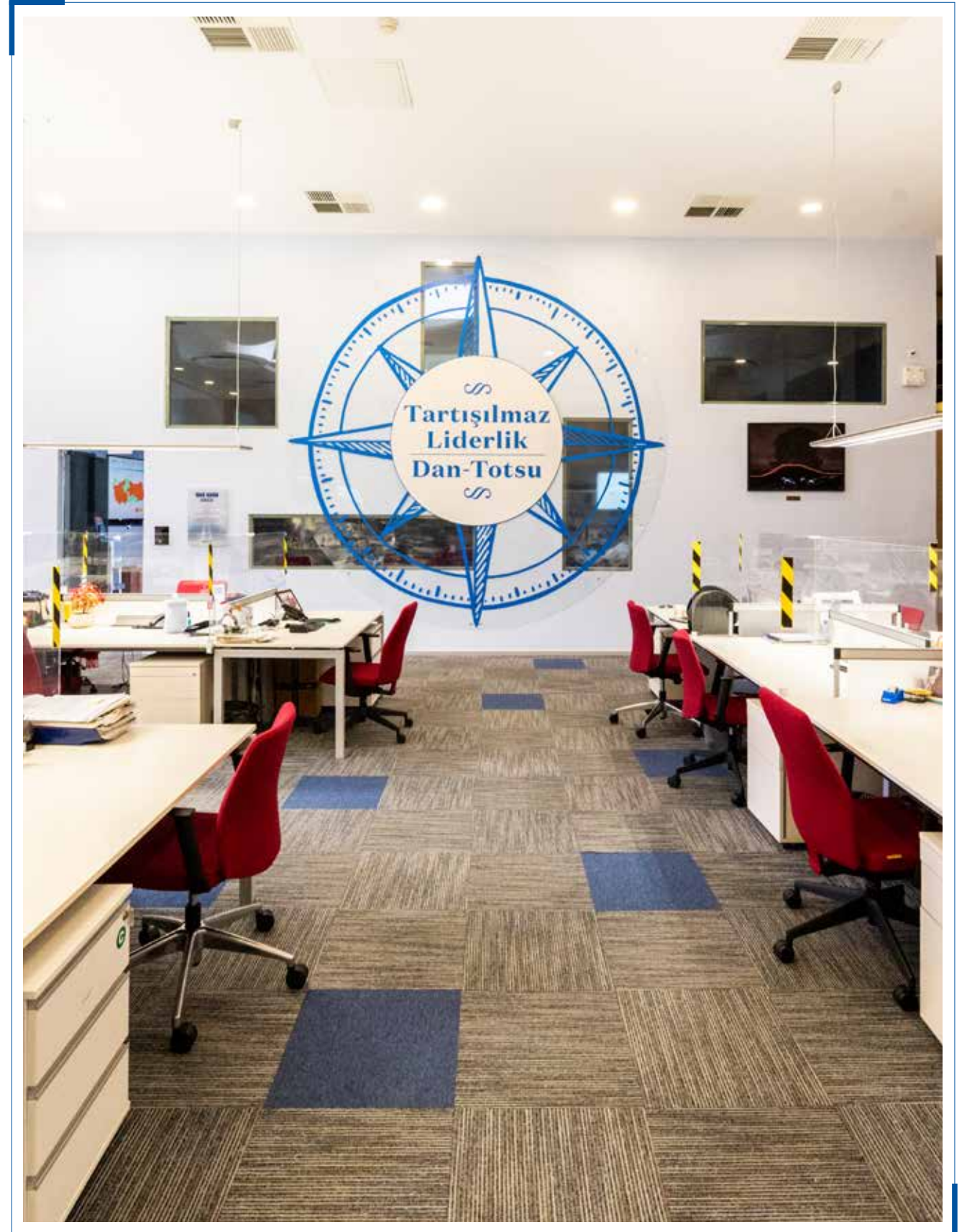
company in vehicle tracking systems in terms of products, market share and technology. Thus, the Company has integrated its strong portfolio of tyres and service network with the Arvento fleet management platform, providing convenience, efficiency and productivity to its customers with fleet management services based on integrated mobile systems and data analytics.

Brisa also has started to manufacture tyres specifically designed for electric vehicles, which represent electrification of the automotive industry. The Company is expanding its product portfolio for electric vehicles with next generation technologies and designing products that contribute to sustainability efforts. While expanding Otopratik and Propratik fast service chains throughout Türkiye, it also transforms these service points into mobility centres. In this context, maintenance and charging services for electric vehicles are offered at Otopratik service points.

Brisa builds all these efforts on the basis of sustainability. The Company strives to ensure that its

stakeholders embrace its corporate culture and thus the sustainability management approach, which is an integral part of its corporate culture. To this end, it carries out audits to determine areas for improvement in the field of sustainability, and secures sustainability performance with action plans that are based on tangible targets. Brisa has developed its sustainability strategy on the main focus areas of "transition to a low-carbon economy," "transition to a low-contact economy" and "cultural and social transformation." The Company aligns its actions with the United Nations' Sustainable Development Goals.

As an organization which breaks ground in the field of sustainability in Türkiye, Brisa is the first company in Turkish and global tyre industry whose emission reduction targets, which are based on the 1.5 celsius warming scenario, have been approved by the Science Based Targets Initiative. In addition, while the Company is placed in the Gold category in the EcoVadis assessment, it is ranked among the Global Leaders in the Water Security and Climate Change category within the scope of the Carbon Disclosure Project (CDP).



OUR VISION, MISSION, VALUES AND STRATEGY

Our business goes beyond tyres



Our Vision

We assure your mobility with our high-quality products, customer centric services and solutions. Our business is beyond tyres.



Our Mission

To provide superior values to the society through sustainable growth.



Our Values

- Safety at Work
- Innovation
- Customer Focus
- Team Spirit
- Business Excellence
- Sustainability



Our Ethical Principles

- **Integrity:** We act with integrity and honesty in our relationships with all of our employees and stakeholders.
- **Confidentiality:** We take care to protect the confidentiality and private information of our customers, employees and other relevant persons and organizations that we work with.
- **Conflict of Interest:** We avoid using the Sabancı name and power and our Sabancı identity for personal interests.
- **Our Responsibilities:** In addition to fulfilling our legal responsibilities, we also take care to fulfil our responsibilities towards our customers, colleagues, shareholders, suppliers and business partners, competitors, society, humanity and protect the Sabancı name.



Our Strategy



SHAREHOLDING STRUCTURE AND SUBSIDIARIES

Deep-rooted partnership and solid capital structure

TL 750,000,000

REGISTERED
CAPITAL

TL 305,116,875

PAID-IN CAPITAL

Shareholders holding more than 10% of the capital

Shareholder	Share Amount (TL)	Percentage of Shares (%)	Voting Right	Voting Ratio (%)
Hacı Ömer Sabancı Holding A.Ş.	133,111,388	43.63%	13,311,138,806	43.63%
Bridgestone Corporation	133,111,388	43.63%	13,311,138,806	43.63%
Other	38,894,099	12.74%	3,889,409,888	12.74%
Total	305,116,875	100.00%	30,511,687,500	100.00%

During the ordinary General Assembly meeting dated March 27, 2023, it was decided to extend the registered capital ceiling period stated in Article 6 of the Company's Articles of Association by five years and to increase the registered capital ceiling from TL 400,000,000 to TL 750,000,000. The registered capital ceiling permission granted by the Capital Markets Board will be valid between 2023-2027.

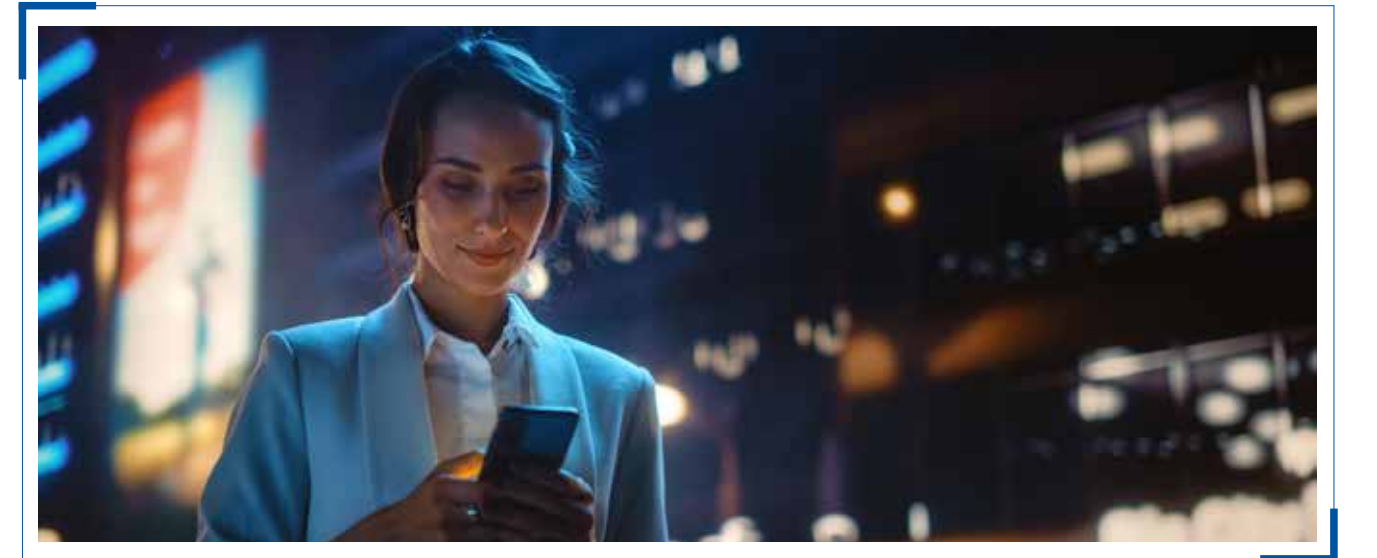
Subsidiary

The details regarding the consolidated Subsidiaries as of December 31, 2023, are as follows:

Trade Name	Field of Activity	Paid/Issued Capital (TL)	Brisa's Share in the Company Capital (%)
Arvento Mobil Sistemler A.Ş.	Vehicle tracking and fleet management systems, object-person tracking systems, boat tracking systems and M2M solutions	7,600,000	88.89

Indirect Subsidiaries

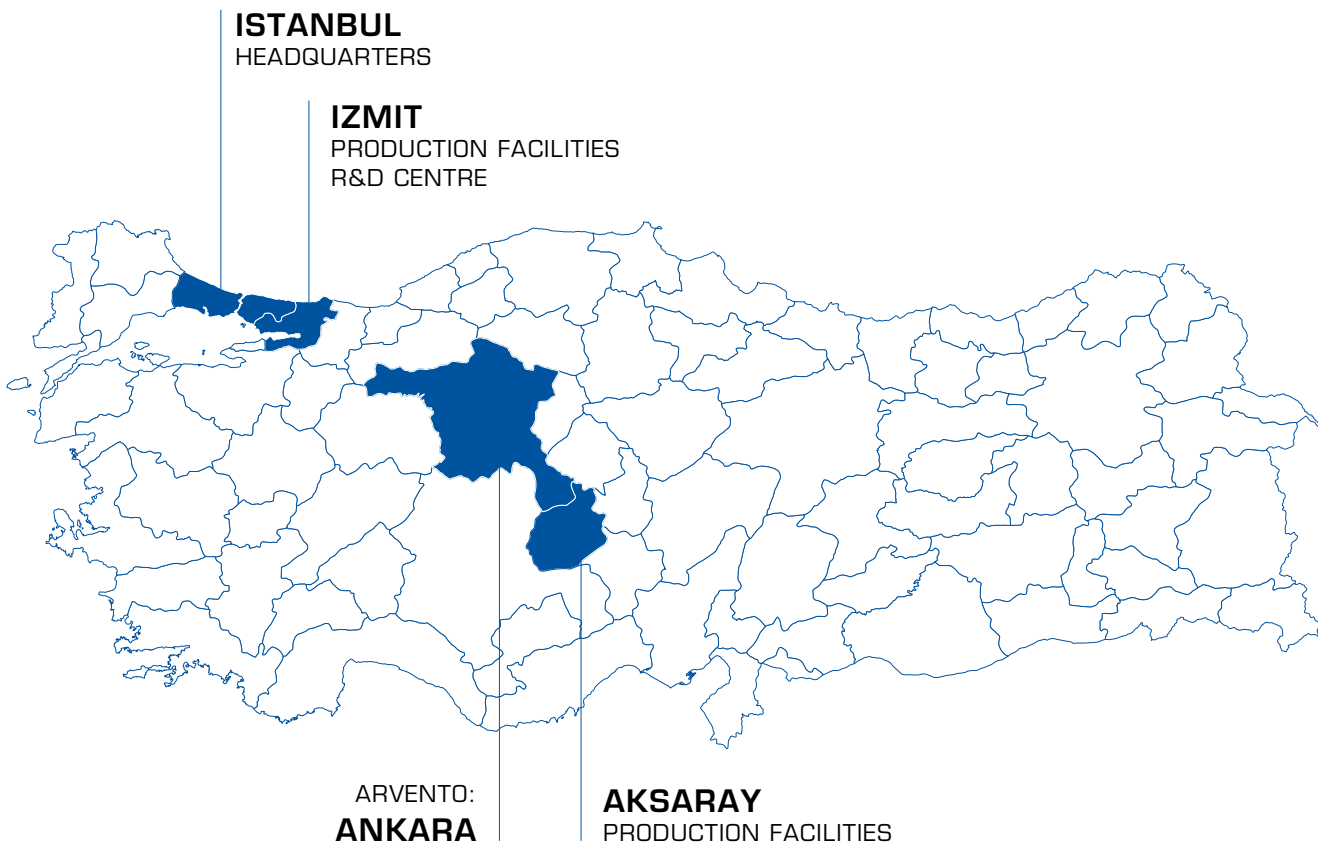
Arvento Kurumsal Hizmetler ve Danışmanlık A.Ş.	Vehicle tracking and fleet management	Türkiye
Arvento Mobile Systems Services Company LLC.	Vehicle tracking and fleet management	Saudi Arabia
Arvento Mobile Systems GmbH	Vehicle tracking and fleet management	Germany



OPERATIONAL MAP

Strong sales network in Türkiye and the world

1,200+
SERVICE POINTS, THE STRONGEST SALES NETWORK IN TÜRKİYE

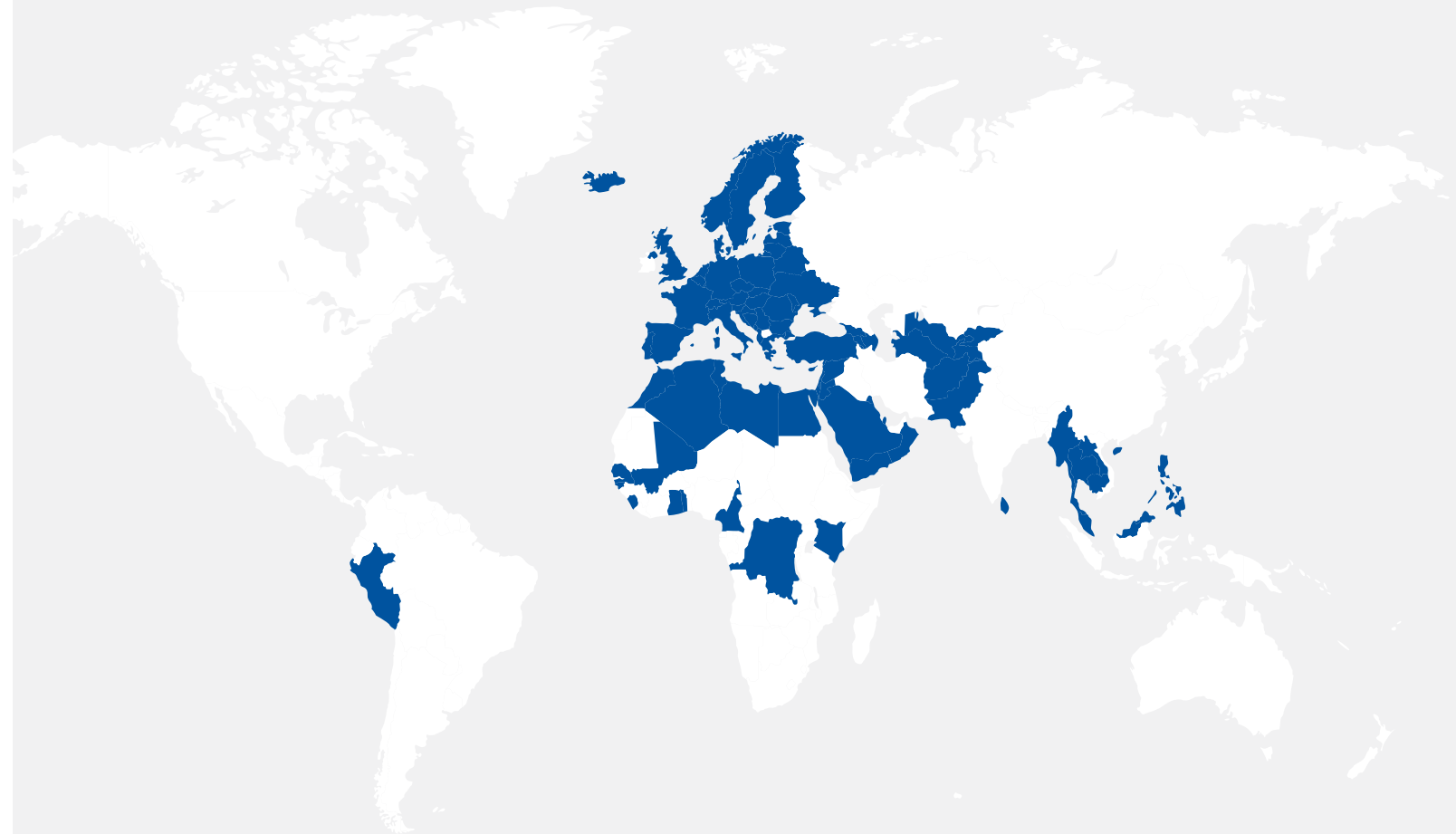


Global Network

600+
LASSA BRANDED STORES

83
COUNTRIES

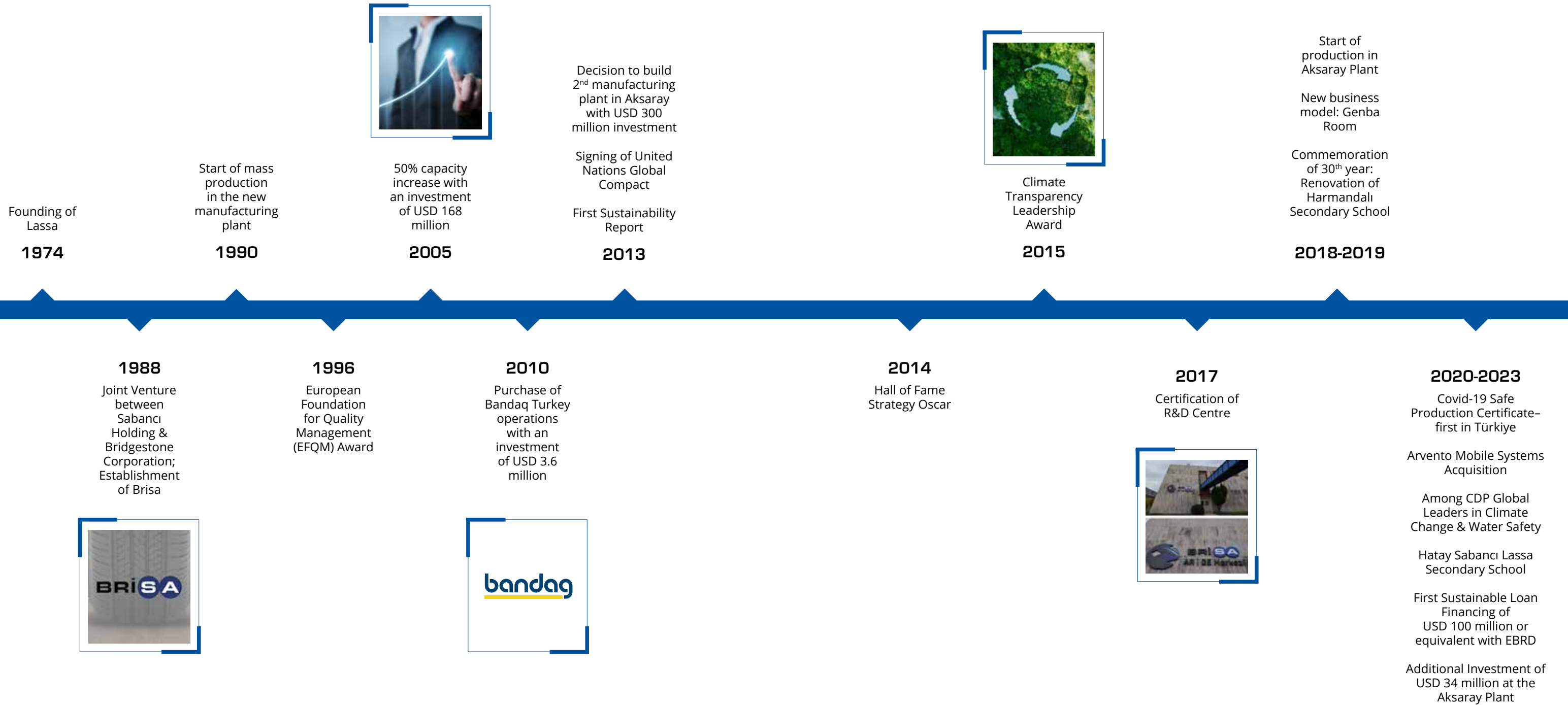
6,000+
SALES POINTS



Albania	Cabo Verde	Germany	Kyrgyzstan	Morocco	Republic of Kosovo	Taiwan
Algeria	Cambodia	Ghana	Latvia	Myanmar	Romania	Thailand
Andorra	Cameroon	Greece	Lebanon	Netherlands	Senegal	Togo
Austria	Croatia	Hong Kong	Libya	New Zealand	Serbia	TRNC
Azerbaijan	Czech Republic	Hungary	Lithuania	Northern Ireland	Sierra Leone	Tunisia
Bahrain	Denmark	Iceland	Luxembourg	Oman	Singapore	Turkmenistan
Belarus	Egypt	Iraq	Macedonia	Pakistan	Slovakia	UAE
Belgium	Estonia	Israel	Malaysia	Philippines	Slovenia	UK
Bosnia & Herzegovina	Faroe Islands	Italy	Mali	Poland	South Korea	Ukraine
Brunei	Finland	Jordan	Malta	Portugal	Spain	Uzbekistan
Bulgaria	France	Kazakhstan	Moldova	Qatar	Sri Lanka	Vietnam
	Georgia	Kenya	Montenegro	Republic of Congo	Sweden	Yemen

MILESTONES

Half a century full of success



MILESTONES

Highlights of the Year

- Sabancı Lassa Secondary School in Dörtyol district of Hatay was built in cooperation with the Sabancı Foundation.
- Sabancı Hatay Incubation Centre was brought to life in cooperation with Brisa, Kordsa, Temsa and Teknosa.
- Brisa has been included in the Global A List in the Climate Change and Water Security categories of the Carbon Disclosure Project (CDP) 2023, becoming the only company in the global tyre industry to be included in the Global A list in both categories.
- Türkiye's first tyre compatible with electric vehicles was produced for Togg T10X under the Lassa brand.
- Turanza 6, developed with Bridgestone's Enliten technology, was introduced to the market.
- Otopratik Midi concept was implemented.
- A loan agreement of USD 100 million or equivalent has been signed with the European Bank for Reconstruction and Development (EBRD) to finance the new investment expenditure program for the period 2023-2025.
- An additional investment of USD 34 million has been planned for capacity expansion and next generation product transformation at the Aksaray Plant, which was established with next generation technologies with an investment of US 300 million in 2018.

KEY FINANCIAL AND OPERATIONAL INDICATORS

Robust financial performance

Brisa raised its operational profit to TL 2.0 billion in 2023, marking a 38% increase compared to the previous year.

Production Volume	January 1- December 31, 2022	January 1- December 31, 2023	Change, 2023-2022, %
Tyre Production (Ton)	201,448	201,160	0%
Tyre Production (Units)	13,762,332	13,600,178	-1%
Izmit Plant Capacity Utilization Ratio (%)	96.0%	93.0%	-3%
Aksaray Plant Capacity Utilization Ratio (%)	100.0%	98.0%	-2%
Tyre Sales Volume (Ton)			
Domestic	130,516	134,317	3%
Export	74,066	71,787	-3%
Total Tyre Sales Volume	204,583	206,104	1%
Replacement	103,819	103,633	0%
Original Equipment (OE)	26,697	30,684	15%
Domestic Sales Volume	130,516	134,317	3%
Lassa Export	48,241	50,753	5%
Bridgestone Export	25,825	21,034	-19%
Export Sales Volume	74,066	71,787	-3%
Total Tyre Sales Volume	204,583	206,104	1%

KEY FINANCIAL AND OPERATIONAL INDICATORS

Net Sales (MTL)	January 1- December 31, 2022	January 1- December 31, 2023	Change, 2023-2022, %
Domestic	17,670	17,619	0%
Export	9,194	8,879	-3%
Total	26,863	26,498	-1%

Gross Export (MUSD)	January 1- December 31, 2022	January 1- December 31, 2023	Change, 2023-2022, %
Export	318	321	1%

Summary Income Statement (MTL)	January 1- December 31, 2022	January 1- December 31, 2023	Change, 2023-2022, %
Net Sales	26,863	26,498	-1%
Gross Profit	5,954	6,499	9%
Gross Profit Margin (%)	22.16%	24.53%	2%
Operating Profit	1,473	2,039	38%
Operating Profit Margin (%)	5.48%	7.69%	2%
Net Profit	2,509	3,973	58%
Net Profit Margin (%)	9.34%	14.99%	6%
EBITDA	4,091	4,312	5%
EBITDA Margin (%)	15.23%	16.27%	1%

Summary Balance Sheet (MTL)	January 1- December 31, 2022	January 1- December 31, 2023	Change, 2023-2022, %
Cash and Cash Equivalents	6,002	13,123	119%
Total Assets	32,757	37,060	13%
Gross Debt	11,193	15,552	39%
Net Cash	77	518	571%
Total Equity	11,617	13,446	16%

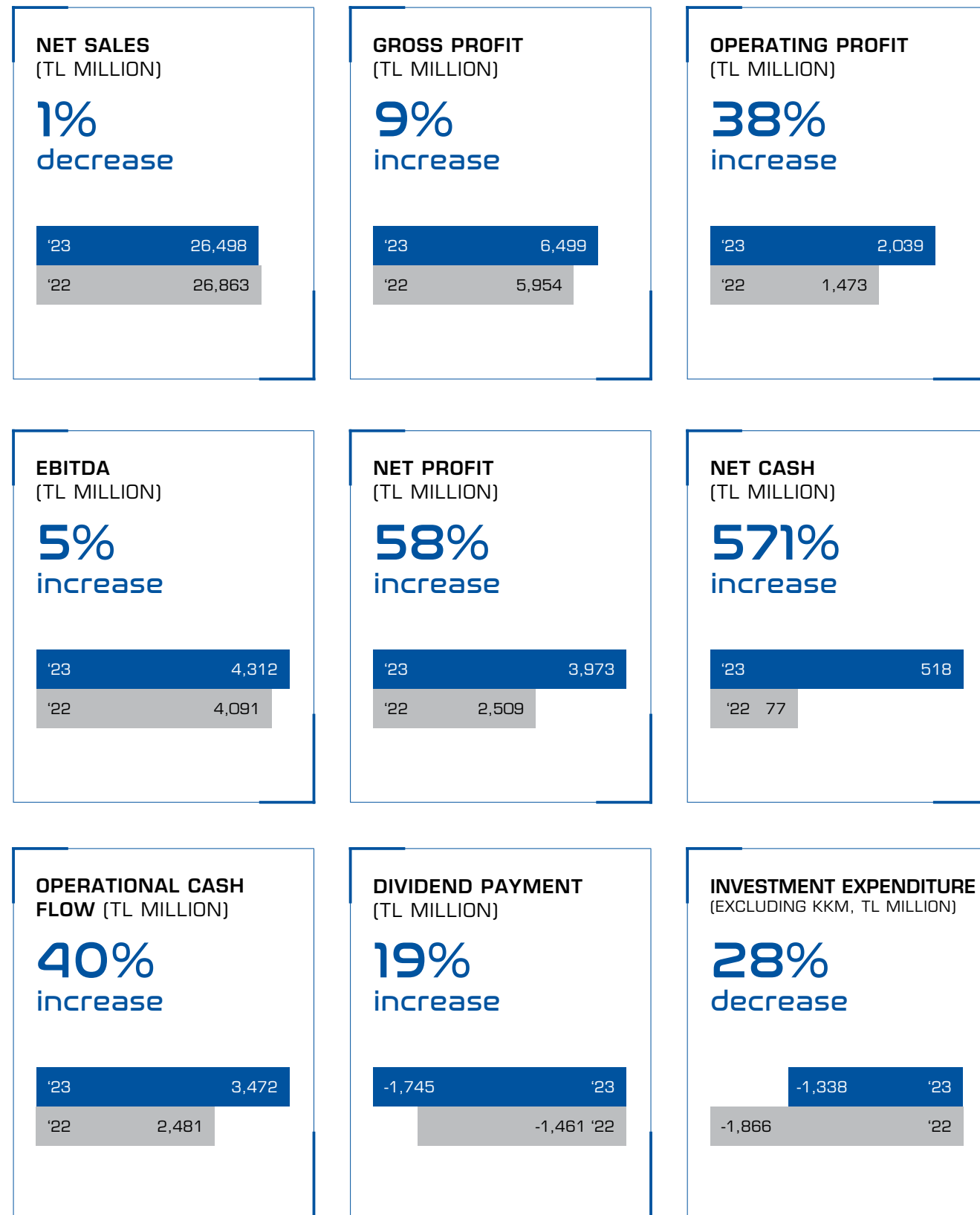
Net Cash Flow (MTL)	January 1- December 31, 2022	January 1- December 31, 2023	Change, 2023-2022, %
Operational Cash Flow	2,481	3,472	40%
Investment Expenditures (excluding KKM)	-1,866	-1,338	-28%
Free Cash Flow (excluding KKM)	615	2,133	247%
KKM	-1,512	1,269	184%
Free Cash Flow (including KKM)	-897	3,402	479%
Dividend Payment	-1,461	-1,745	19%

Liquidity Ratios	January 1- December 31, 2022	January 1- December 31, 2023
Current Ratio	1.00	1.27
Acid-Test Ratio	0.76	1.08

Financial Growth Rates	January 1- December 31, 2022	January 1- December 31, 2023
Net Debt/EBITDA	-0.02	-0.12
Total Liabilities/Equity	1.82	1.76
Total Liabilities/Assets	0.65	0.64
Total Equity/Assets	0.35	0.36

* Financial figures are adjusted for inflation accounting.

KEY FINANCIAL AND OPERATIONAL INDICATORS



* Figures are adjusted for inflation accounting.

KEY FINANCIAL AND OPERATIONAL INDICATORS

Strong stock performance

Brisa demonstrated strong stock performance in 2023 with earnings per share increasing to 12.524.

Stock Performance Indicators

	2022	2023	2023/2022
Stock Price (TL, end of period)	59.50	77.25	30%
Market Cap (TL million, end of period)	18,154	23,570	30%
BIST 100 Price Index (TL, end of period)	5,509.16	7,470.18	36%
BIST 30 Price Index (TL, end of period)	5,944.83	8,020.76	35%
BIST Industrials Price Index (TL, end of period)	8,904.28	11,531.87	30%
Earnings/Loss per Share	7.761	12.524	61%

AWARDS AND ACCOMPLISHMENTS

A year full of success and leadership in every field!



Leadership Awards

- Brisa was chosen as one of the most profitable tyre manufacturers by being enlisted among the top five companies in the global 2022 Tyre Maker Rankings survey.
- Brisa continued its leadership in the sector in the "Turkey 100 - Turkey's Most Valuable Brands" survey, organized for the 17th time this year by Brand Finance, an international brand valuation organization.
- Brisa continued its leadership in the sector in the Fortune 500 Türkiye Survey, which was conducted for the 16th time this year by Fortune Türkiye and lists Türkiye's top 500 companies.
- According to the results of the Capital 500 survey, which is traditionally published every year by Capital Magazine and includes Türkiye's top 500 companies, Brisa maintained its leadership in the Tyre Industry category.
- According to the results of Türkiye's Top 500 Industrial Enterprises Survey prepared every year by the Istanbul Chamber of Industry (ISO), Brisa maintained its leadership in the sector.
- During the "Export Champions Award Ceremony" organized by Uludağ Automotive Industry Exporters' Association (OİB), the companies with the highest exports in the automotive industry in 2022 were recognized, and Brisa maintained its place in the Gold Exporter category.



Awards Received with Products and Brands

- Bridgestone was deemed worthy of the Silver Mixx Award in the Social Media category with its "Sonuna Kadar Git" (Go Until the End) campaign in the Mixx Awards Türkiye contest, where creative and effective advertising efforts are rewarded by the Interactive Advertising Bureau (IAB).
- Lassa was deemed worthy of the Most Reputable Brand Award in the Tyre category in the 11th Türkiye Reputation Index Survey, which was conducted by Reputation Academy to identify Türkiye's most reputable companies in 40 categories from food to fuel, banking and electronic goods.
- With the digital projects it has implemented, Lassa, Türkiye's well-established and leading tyre brand, has added a new one to its awards at the Brandverse Awards. The Company was deemed worthy of the Gold Award in the Social Media and Digital Department Data Analytics category, according to the results of the SocialBrands social media brand index, which evaluates the social media performances, digital campaigns and communication activities of brands from all sectors throughout the year, based on data, as organized by Marketing Türkiye and BoomSonar.
- Otopratik was the first fast service brand that came to the mind of the consumers and the brand with the highest spontaneous awareness, according to the Quick Care Services Brand Health Research conducted by the independent research company Ipsos.
- "Mobilfix Mobile Service Station Project" received the Champion Award in the Customer Experience category at the Sabancı Golden Collar Awards.



Sustainability Awards

- Brisa took its place in the Global A List in the Climate Change and Water Security categories of the Carbon Disclosure Project 2023 (CDP), and became one of the five Turkish companies in the list where 346 companies are featured on a global scale.
- Brisa's IoT-based Smart Factory Heating Control System Project won the project of the year award in the Sustainability category at the IDC Awards.
- Brisa was once again awarded the "Gold Medal" by EcoVadis, which evaluates the sustainability performance of companies in more than 175 countries.
- Brisa received the "Excellent" rating from Refinitiv, ranking first in the tyre industry and third in the automotive industry on a global level.
- Brisa won awards in three categories at the Sabancı DNA Awards, which recognize the Digital and Analytical projects that are implemented by Sabancı Group companies and shape the technology. Based on the EBITDA evaluation of digital and analytical projects carried out in three different fields, the Company was honoured with first place in the categories of the Company Creating the Highest Value, the Project Creating the Highest Value with the Tyre Manufacturing Machine Belt Control System Project, and the Jury Special Award for Sustainability with the Smart Waste Separation Project.



Digitalization Awards

- In the IT 500 list, i.e. Türkiye's Top 500 IT Companies Survey, which is one of the most important reference sources of the Turkish IT industry, Brisa was recognized as the Türkiye-based Manufacturer of the Year with Arvento and the number one company in Türkiye in the IoT and M2M category. Brisa also came on top by winning the award in the Türkiye-based Manufacturer-Software-Mobile Applications category with the Arvento brand.



Entrepreneurship and Innovation Awards

- Brisa received the third place award in the Innovation Cycle category of the Türkiye Exporters Assembly's İnovalig Awards.
- Brisa's digital solution "Early Tyre Failure Detection and Prevention System," developed in cooperation with the technology initiative Signalton Technology, was deemed worthy of two achievement awards at TÜSIAD SD2.



Awards for Employer Brand and Projects

- Brisa won awards in two categories at the 2023 Stevie® Awards for Great Employers. The Company was awarded the Gold Award in the Achievement in Workforce Development and Learning category with its "Write Your Own Robot" Project, and the Bronze Award in the Best Use of Mobile Learning category with its 3D Master Project.
- The "Achievement in Workforce Development and Learning" Project won the "Changemaker" Award in the Learning Organization and Learning Agility category at the 2023 Peryön Awards.
- In the "Corporate Culture 100" survey, which was launched by Fast Company to draw attention to corporate culture and to highlight successful companies in this field by sharing trends in the world, Brisa was included in the list and ranked 28th.
- Brisa was selected as one of employers of choice in the "Best Team to Join" organization, which was held for the second time by Sales Network with the votes of students and professionals. Brisa was deemed worthy of the B2J Award at the ceremony organized by Sales Network, the only organization that offers networking, events and content for the sales world.
- Brisa was ranked among the top three plants in the BSEMEA TQM Contest with its "Fabrika2 Uniformity Capacity Increase" Project. Brisa's successful team has qualified to compete in the upper league, i.e. the TQM organization.



SUSTAINABILITY APPROACH

A global exemplary company in sustainability management

Brisa combines its sustainability strategies, core operations and competencies with its sustainability management approach, and continues to create added value for its stakeholders.

At Brisa, sustainability is one of the important principles that determine how the Company runs its business. The Company boldly moves forward with pioneering practices in its sector in all geographies where it operates, in the light of the corporate values and governance experience of its main shareholders, Bridgestone Corporation and Sabancı Holding. With the awareness of being a responsible manufacturer, the Company carries out research, develops innovation, makes investments, operates and manufactures in order to maximize the value for its stakeholders and to achieve more every day.

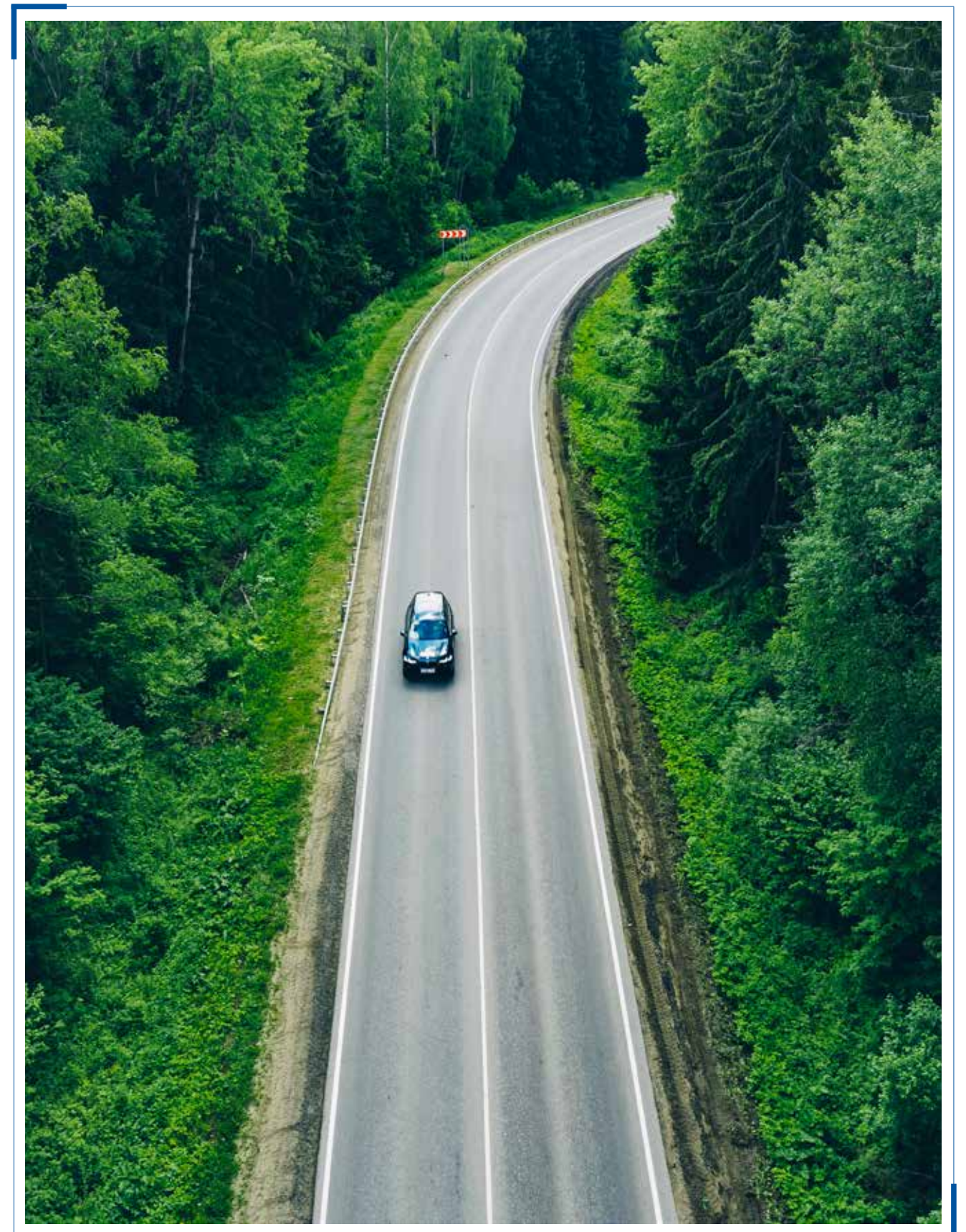
Brisa combines its sustainability strategies, core operations and competencies with its sustainability management approach, and continues to create added value for its stakeholders. Communication activities are carried out in order to disseminate the sustainability management approach, which Brisa considers as an integral part of its corporate culture and therefore all its activities, among stakeholders. The Company carries out audits to

identify the areas of improvement in the field of sustainability, and also secure development of sustainability performance through action plans based on tangible targets.

Brisa has developed its sustainability strategy on the main focus areas of Transition to a Low-Carbon Economy, Transition to a Low-Contact Economy, and Cultural and Social Transformation. In each focus area, risks are identified and addressed through a strong risk management approach. The Company's actions are aligned with the United Nations' Sustainable Development Goals, and the Company attaches importance to being a stakeholder in finding solutions for this global movement. Risk management at the Company is carried out with a life-long perspective by considering environmental and social matters as well as economic parameters. The effects of environmental and social risks that may occur in the supply chain, customer, dealer and service processes on the Company are managed. While the

actions taken in this way are more understandable for all stakeholders, emerging regulations, technologies and financial opportunities are closely followed in terms of access to sustainable finance. Based on the principles of transparency, fairness, responsibility and accountability, Brisa reports on its activities and performance results in the light of the national and international initiatives that Brisa is a party to, and strives to improve its performance by implementing relevant quality systems.

The Company uses nationally and internationally accepted standards and methods to ensure the continuous improvement of its social, environmental and broad economic performance and conducts periodic benchmarking studies. The Company acts within an effective sustainability management structure that extends from senior management to all levels of the organization. The effectiveness of this structure is ensured by transparent and two-way communication mechanisms and comprehensive audit processes.



DIGITAL TRANSFORMATION

Pioneering steps in digital transformation

In 2023, Brisa has made its business processes more flexible and scalable by integrating cloud computing technologies.

Digital transformation, when viewed as a process of reshaping and developing business processes and business models with digital technologies, has become an important priority in many sectors and businesses.

Digital transformation will gain even more importance in the future due to many reasons, such as maintaining competitive advantage, supporting efficiency

and innovation, facilitating decision-making, meeting customer expectations, flexibility, speed, etc. In this regard, Brisa constantly reviews its operations and sets digital transformation strategies by keeping up with evolving needs and the pace of technology. The Company's digital transformation strategy adopts a holistic approach to make business processes more flexible, efficient and customer-oriented.

The Company continued to take steps to strengthen its technological infrastructure and get ready for the future. In this context, it has made its business processes more flexible and scalable by integrating cloud computing technologies. In addition, more effective protection has been achieved for the Company's digital assets by adopting new generation solutions to strengthen the cyber security strategy.



Due to the nature of the transformation, the Company continues to review existing applications and modernize applications as required.

As part of its operational excellence efforts, Brisa continues to create efficiency with robotic process automation (RPA) projects, which automate repetitive tasks and enable employees to focus on more strategic and creative tasks, and aims to design and implement its processes by focusing on artificial intelligence. Expanding the use of business intelligence applications to support data-based decision-making processes, the Company has democratized data with its "design your own report" approach so that process owners require minimum IT support. Training programs were organized for employees where they could use the "Low Code No Code" methods to ensure that they acquire competence in

the field of process automation. As a result of these competency acquisition activities, Brisa became the only "Gold Stevie Winner" in the Achievement in Workforce Development and Learning category at the 2023 Stevie® Awards for Great Employer and also won other prestigious awards such as the Microsoft Türkiye - Best Use Case (Brisa is the first company to comprehensively manage the non-IT Low-Code competencies in Türkiye), and "Changemakers Award" in the Learning Organization and Learning Agility category at the PERYÖN Human Value Awards.

Digital transformation has also changed the Company employees' way of doing business. Lean and agile transformation efforts continued unabated throughout the Company. With teams established in the form of Squad & Cluster, the Company has become able to respond to changing needs with better agility. Almost 50% of white-collar employees have been accelerators of this transformation thanks to the training they received.

The Company is focused on important goals to further improve its digital transformation process and maintain its competitive advantage. In this regard, artificial intelligence and machine learning technologies are further integrated to enhance data analytics skills. Additionally, production and supply chain processes are being made smarter through Internet of Things (IoT) applications. With IoT projects, Brisa will continue to develop projects around both security and sustainability in its smart plants and to contribute to the future success of the Company, without forgetting that digital transformation is a continuous evolution.

R&D ACTIVITIES

We are ready for the future with our technology!

Brisa was recognized as the company with the highest amount of R&D investments in its sector in the Türkiye R&D 250 Survey.

122
NUMBER OF
NEW PRODUCTS
DEVELOPED

Brisa focuses on innovative production techniques and raw materials that enable it to emerge as a stronger actor in the international arena of R&D. While it contributes to industrial know-how by increasing domestic production, it also adds value to the country's economy by accelerating its exports.

Brisa, the mobility leader of the Turkish tyre industry, has been investing in R&D since 1985. Located in the Izmit Plant, which was certified in 2017, Brisa is accelerating value-added product development activities at its R&D Centre.

Brisa's R&D Centre is of great importance for engineers due to its international culture, technical superiority and learning environments that were gained as a result of the partnership with Bridgestone. The Turkish engineers working at the R&D Centre, which focuses on sustainability, improve the Company's capabilities in the fields of domestic product design, development and innovative production techniques, and the Company also works on developing the capabilities of domestic suppliers.

In addition to innovative process and development technologies in the field of R&D, the Company also puts new products into market in

a shorter time as required by the market, and leverage many benefits such as cost advantages as a result of raw material sources being approved within a shorter time.

Domestic technologies and designs

Brisa works on developing domestic technologies and designs. Brisa R&D Centre carries out the most advanced engineering studies in Türkiye and thus serves as an important school and centre of experience. The Company's goal is to accelerate and strengthen its efforts to spread its technology and products all over the world with Turkish engineers. The Company has a significant competitive edge in the field of R&D and also has the only product testing centre approved by the Turkish Standards Institute for tyre tests. Brisa is also taking strong steps in the field of digitalization. Within this framework, software have been developed that automate technical design processes with artificial intelligence. Thus, development processes have been perfected and accelerated. Besides developing innovative services for its customers to meet the future mobility needs, the Company also develops image processing and end-to-end data analysis systems to ensure the highest performance in production processes.



We are ready for electric vehicles

Brisa carries out R&D and technology development operations aimed at electric vehicles, which will shape the future of the automotive industry. Accordingly, manufacturing technologies are being renewed primarily to meet the expectations of vehicle manufacturers from electric vehicle tyres. With Bridgestone Enliten and Lassa Nextgen technologies, tyres that offer the best performance

in their class for electric vehicles and contribute to sustainability are being developed.

Noise levels of tyres are being reduced in order to minimize the noise level inside vehicle cabins. In addition, tyre-related energy losses are being reduced to increase the range of vehicles, and studies are carried out to reduce tyre weight and preserve tyre life. R&D studies aimed at increasing size

diversity and improving technical performance also continue at pace.

With all investments and studies, the Company developed 122 new products by spending* TL 272.2 million in 2023 (2022: TL 231.0 million) and was recognized as the Company with the highest amount of R&D investments in its sector in the Türkiye R&D 250 Survey.

* According to figures adjusted for inflation accounting.

ENTREPRENEURSHIP

Strong innovation culture

Brisa works with different start-ups, especially in the areas of sustainability, circular economy, mobility solutions, smart products and production solutions, in line with its focus areas.



Brisa works with different start-ups, especially in the areas of sustainability, circular economy, mobility solutions, smart products and production solutions, in line with its focus areas.

With the Brisa Entrepreneurship Team, the Company accelerated its efforts on improving in-house entrepreneurship in 2023:

- Rocket Focus Sustainability In-House Entrepreneurship Program was carried out in cooperation with Core Strateji.
- During the Rocket Focus Sustainability Program, which lasted seven weeks in total, five physical training and online mentoring sessions were held. At the end of the training process, six teams appeared before the committee, including Haluk Kürkcü, CEO of Brisa, and made

their final presentations, and one team was selected to move on to the next stage and began the adventure of commercializing their ideas.

- The Brisa Innovation Team, which includes volunteering employees from different departments and whose aim is to foster the culture of entrepreneurship and innovation within the organization, has also been restructured and started its operations by hiring new talents.
- In line with the innovation and entrepreneurship processes within the Company, the Company participated in the Inovalig contest, Türkiye's first ever innovation development program organized by the Türkiye Exporters Assembly, and came third in the Innovation Cycle category.



MOBILITY SOLUTIONS AND JOURNEY

Strong actor in the mobility ecosystem

Brisa positions itself not only as a tyre manufacturer but also as a mobility company that offers services beyond tyres.

ARVENTO

65
thousand+
FLEET CUSTOMERS

750
thousand+
DEVICES

SERVICE AT
81
PROVINCES
150
LOCATIONS

Brisa positions itself not only as a tyre manufacturer but also as a mobility company that offers services beyond tyres, with the awareness that it has to prepare for the future while meeting today's needs.

The focus of Brisa's 2030 road map is to improve "Mobility Solutions." Developing its road map with this goal in mind, the Company designs its services according to evolving customer needs by securing a pleasant customer journey in every aspect from products to services.

In line with the trends shaping the future of the automotive industry, the Company's aim is to develop innovative business models in the mobility ecosystem by harnessing the power and impact of connected vehicle data and thus, to grow by creating value in the field of Mobility Solutions using big data analytics in the most effective way.

Convenience, efficiency and productivity for customers with the acquisition of Arvento

Acquisition of Arvento in 2022 is one of the most important steps taken in this field. Arvento, which is one of the world's leading fleet telematics device manufacturers in its field and market leader in Türkiye with over 1 million devices, continues its R&D and production activities at

its headquarters located in Middle East Technical University (METU) Teknokent Informatics Innovation Centre. Arvento develops innovative technologies in its field, offering turnkey solutions to its customers with the software and devices it develops and manufactures. Offering users different solutions such as vehicle tracking and fleet telematics systems, object and person tracking systems, motorcycle and boat tracking systems, which users can customize according to their needs, Arvento today serves a wide range of customers including the private and public sectors, corporate users and individual users.

With more than 65 thousand fleet customers and access to an immense volume of data, Arvento also has Türkiye's largest dealer and authorized service network, offering services at 150 locations in 81 provinces.

With Arvento joining Brisa, the Company's strong portfolio of tyres and service network have been integrated with the Arvento fleet management platform. Convenience, efficiency and productivity are provided to customers through fleet management services based on integrated mobile systems and data analytics.

Otopratik and Propratik service points being transformed into mobility centres

Brisa is working on the transformation of Otopratik (passenger and light commercial vehicles) and Propratik (commercial vehicles) service points, which are parts of its fast servicing chains, into "mobility centres." As of the end of 2023, Otopratik services are provided at 117 points and Propratik services are provided at 22 points. The Company's goal is to reach 500 points in total in the next five years. The Company's long-term goal is to make Otopratik and Propratik brands available throughout Türkiye, not to restrict these brands with the Turkish market only, and to introduce the Otopratik brand into foreign markets.

All kinds of services for all kinds of vehicles combined

Otopratik stores provides all kinds of maintenance services for all vehicle brands, from tyre change to battery replacement, oil change and periodic maintenance. Vehicle owners can instantly and easily see the maintenance and repair prices for their vehicles by entering details about their vehicles, which provides transparency in service pricing and ensures that vehicle owners do not encounter surprises.

Otopratik stores are also beginning to offer services focused on e-mobility transformation. As of 2022, a comprehensive training program was launched for Otopratik technicians on hybrid and electric vehicles, which represent the rising trends of the mobility world. In order to increase the competencies of Otopratik technicians in servicing hybrid and electric vehicles, a two-level and extremely comprehensive Electric and Hybrid Vehicle Training program was carried out for a total of four days, including two days of theoretical and two days of practical training. In the ten sessions completed to date, a total of 87 Otopratik technicians

and 23 Brisa staff completed their training and received their certificates. In addition, Pratik Academy, which was opened in Altunizade in 2023, has provided a total of more than 4 thousand-hours of training to more than 150 staff since its inauguration.

Efficient collaboration with Eşarj at charging stations

Otopratik and Propratik are the first fast service chains in Türkiye and offer the most extensive network of charging stations, which is critical for widespread adoption of electric vehicles. In order to rapidly expand this charging service network, collaboration is being made with Eşarj, the leader organization in terms of the number of DC fast charging stations in Türkiye. As of the end of 2023, a total of 68 charging stations have been established and most of them feature DC fast charging.

The Company's Mobility leadership road map is ready:

- Synergy-creating efforts with Arvento will be accelerated. Value will be created for fleets through integration of various systems for tyre tracking, fuel consumption, driver behaviour and vehicle tracking.
- While more and more charging stations are becoming available at Otopratik stores, the Company will work with the aim of specializing in the maintenance services for electric vehicles. The Company will meet the expectations of its customers by increasing the competencies of Otopratik technicians in servicing hybrid and electric vehicles. The number of Otopratik stores will also be increased.
- The Company will be a strong business partner for automotive manufacturers, especially in the premium vehicles and electric vehicles segments. The Company focuses on increasing its share in OEM tyre market for electric vehicles and establishing new collaborations.
- In parallel with the transformation in the vehicle park, the Company aims to increase the ratio of products in its portfolio that are compatible with electric vehicles to 85% by 2030.



MESSAGE FROM THE CHAIRPERSON

Transforming Brisa into a mobility company



Brisa has strengthened its position in the national and international markets, both as a tyre manufacturer and as a leading company in the field of mobility, by offering services beyond tyres.

Brisa closed the year 2023 with growth and a robust performance, thanks to its agile management, operational excellence, export capabilities and effective financing policies.

Esteemed Stakeholders,

As a company representing the long-standing partnership between Sabancı Holding and Bridgestone, Brisa's progress was strong and steady in 2023, as per its strategic road map. In addition to consolidating its position in the national and international markets, Brisa achieved key milestones in the journey of transformation into a mobility company. With its achievements in the field of sustainability, Brisa stood out as a leader company at both national and global levels in 2023.

Brisa closed the year 2023 with growth and a robust performance, thanks to its agile management, operational excellence, export capabilities and effective financing policies.

2023: A year of unity, solidarity and collaboration amidst uncertainties

The year 2023 was characterized with notable challenges worldwide in the fields of economy, politics, energy and finance. Conflicts in the Middle East were added to the deepening Russia-Ukraine crisis.

Many countries, including especially the USA, the UK and Germany, along with other Eurozone countries, and China and Japan, recorded the highest levels of inflation in recent decades. Tight monetary policies, put in place to combat inflation, adversely affected economic growth. The World Trade Organization announced that the global merchandise trade volumes grew merely 1.0% in 2023, which represents a slowdown compared to the 3.5% growth rate in 2022. Amid all this, generative AI functions showed incredible development. This groundbreaking technology is revolutionizing the way industries work, introducing profound changes in the job market, and shaping the future of work.

Our country started the year with the excitement of celebrating the 100th anniversary of the Republic of Türkiye. However, in February, we experienced a national disaster of unimaginable sadness with the earthquake. As the Sabancı Group, we have supported the people in the earthquake-stricken region with all our resources since day one. The Brisa family, together with all its employees, manifested an exemplary unity, solidarity and collaboration following the disaster of the century. While Sabancı Lassa Secondary School, co-built by the Sabancı Foundation and Bridgestone, contributed to efforts to recommence education in the region within a short time, another key step was taken to help the re-development of the region with the Sabancı Hatay Incubation Centre, which was opened in cooperation with the Sabancı Group companies Kordsa, Temsa and Teknosa.

Strong performance at national and international levels

Despite extraordinary events and growing uncertainties, Brisa had a successful year, showing a strong financial performance. The Company has strengthened its position in the national and international markets, both as a tyre manufacturer and as a leading company in the field of mobility, by offering services beyond tyres.

Thanks to a balanced mix of sales channels, effective pricing policies and high brand awareness, Brisa displayed an impressive performance in 2023, reaching TL 26.5 billion in sales turnover. Despite the increase in raw material prices, the Company achieved a year-on-year increase of 38% in operating profit as a result of a sound pricing strategy, the right steps taken in the supply chain side, solid hedging policies against FX risk, and increased efficiencies in production.

As a strong export company both at a national and industrial level, we have taken firm steps towards becoming a leading player in international markets. Our Lassa brand has become the market leader in five countries through its brand investments on a global level.

Steady transformation into a mobility company

In line with the Sabancı Holding Industry Group's plan to grow with new technologies, Brisa's transformation plan is also ready. Brisa continues to invest and grow in its main business, tyre manufacturing, with its Izmit and Aksaray plants equipped with the latest smart technologies, its operational excellence approach, and its certified R&D Centre. While preparing for the future, our goal is to transform Brisa into a leading company in the field of mobility. Throughout 2023, we steadfastly moved forward in this transformation plan.

MESSAGE FROM THE CHAIRPERSON

Focusing on developing its Mobility Solutions business, Brisa's synergy efforts with Arvento, acquired by Brisa in 2022 and Türkiye's leading company in vehicle tracking systems, are also growing exponentially.

Brisa, as of today, is a global leader company in the field of sustainability, not only in industry but also in all sectors in Türkiye and the world.

Today, Arvento, which is ranked among the top 500 IT companies in Türkiye, holds a 50% market share in its sector and tracks more than 750,000 vehicles.

As a response to evolving expectations with the introduction of electric vehicles into our lives, Brisa began to produce tyres designed for electric vehicles as part of the electrification trend. Türkiye's first-ever electric and smart vehicle, TOGG, comes with Lassa tyres. Today, Brisa supplies tyres for electric vehicles to automotive manufacturers in the original equipment channel both in Türkiye and around the world.

We are continuing our investments to take this a step further. The USD 34 million investment plan, announced in 2023 for the Aksaray Plant, is a key step in our growth plan; Brisa will grow with those products and other new technologies aligned with the mobility trends, including especially electric vehicles, helping the Company in its efforts to become the leading mobility player.

During this period, we continued to expand our fast service chains, Otopratik and Propratik, which are positioned as mobility centres, across Türkiye. We equipped our centres with technologies such as e-charge stations. Taking a leading role in training qualified personnel, which we view as an important area of improvement in the sector, we have implemented training programs with Pratik Academy, through which expert personnel receive training on how to service electric vehicles.

Focusing on developing its Mobility Solutions business, Brisa's synergy efforts with Arvento, acquired by Brisa in 2022 and Türkiye's leading company in vehicle tracking systems, are also growing exponentially. Today, Arvento, which is ranked among the top 500 IT companies in Türkiye, holds a 50% market share in its sector and tracks more than 750,000 vehicles. By combining Brisa's products and services with this extensive fleet management network, we are achieving groundbreaking innovations in the industry. In 2023, we started to offer mobility services such as fast service and e-charge stations through the Otopratik brand to the vehicles included in Arvento's network.

Brisa developed its decarbonisation road map and climate transition plan, on its way to the 2050 net zero emission target.

A global leader in sustainability
I can proudly say that Brisa, as of today, is a global leader company in the field of sustainability, not only in industry but also in all sectors in Türkiye and the world, thanks to its systems and a comprehensive value chain that touches everyone's life.

Brisa developed its decarbonisation road map and climate transition plan, on its way to the 2050 net zero emission target. It is the first company in the global tyre industry and across all industries in Türkiye to have Scope 1-2-3 emission reductions approved by the Science Based Targets (SBT) in accordance with the scenario that will limit the rise of the earth's temperature by 1.5 °C.

Our Company also achieved another remarkable success in 2023. In Carbon Disclosure Project, which is one of the most prestigious environmental initiatives in the world, Brisa ranked among the global leaders in both the Climate Change and Water Safety categories, making us proud yet again. It is a great honour for us to become the first and only company in the global tyre industry to achieve this standing.

With its leadership in sustainability both in Türkiye and around the globe, Brisa once again proved its strength in this field by obtaining USD 100 million or equivalent in financing for sustainable development from the European Bank for Reconstruction and Development (EBRD) in 2023.

Esteemed Stakeholders,

In the upcoming period, as we take stronger steps in Brisa's transformation into a mobility company, we will continue to add value to our country with our human resources, who we have trained for the future by providing them with new competencies.

I would like to sincerely offer my gratitude to all the shareholders, employees and partners of Brisa who are accompanying our journey by putting their trust into our efforts.

Kind regards,

Cevdet Alemdar
Chairperson of the Board

BOARD OF DIRECTORS

Members of the Board of Directors as of December 31, 2023 are given below:

Board Member's Name-Surname	Executive or Non-Executive	Duty
Ahmed Cevdet Alemdar	Executive	Chairperson of the Board
Tomio Fukuzumi	Executive	Vice-Chairperson of the Board
Mustafa Bayraktar	Non-Executive	Board Member
Haluk Dinçer	Non-Executive	Board Member
Frederic Jean Hubert Cecile Hendrickx	Non-Executive	Board Member
Mete Ekin	Non-Executive	Board Member
Daniel Jean Pierre Giroud**	Non-Executive	Board Member
Haluk Kürkçü	Executive/General Manager	Board Member
Sakine Şebnem Önder	Non-Executive	Board Member
Mehmet Tanju Ula	Non-Executive	Independent Member of the Board
Ahmet Erdem*	Non-Executive	Independent Member of the Board

* By the decision of the Board of Directors dated April 1, 2023, with Mehmet Kahya resigning from the Independent Board Membership, Corporate Governance Committee and Early Detection of Risk Committee Chairpersonship and Audit Committee Membership, Ahmet Erdem was appointed in his place.

** By the decision of the Board of Directors dated December 23, 2023, with Daniel Jean Pierre Giroud resigning from the Board of Directors, Jerome Freddy Pierre Boulet was appointed in his place, effective as of January 1, 2024.

Ahmed Cevdet Alemdar Chairperson of the Board

Assignment Period: March 26, 2021 – until the 2023 Ordinary General Meeting

Cevdet Alemdar received his BS degree from Industrial Engineering department of Boğazici University in 1992 and completed his MBA degree in Sabancı University in 2000.

He joined the Group in 1993 and took various leadership positions, respectively in Beksa, Sakosa, Kordsa, Temsa İş Makinaları and Brisa. After administering wire investments serving to manufacturing and construction industries in Türkiye, he has taken on general manager roles in Brazil, Thailand and China, and lead marketing and sales functions in technical textiles for Kordsa in South America and Asia Pacific regions.

Returning to Türkiye, he has steered Kordsa's R&D and innovation processes as VP of Technology and Market Development. Later, he guided Temsa İş Makinaları to transform from a construction equipment company to a heavy machine and truck provider in Türkiye. Next, as CEO he lead Brisa, a joint venture of Bridgestone and Sabancı Holding, an important tyre manufacturing venture in the world and leader of Türkiye's tyre and mobility solutions. From April 2020 onwards, he is Sabancı Holding Industrials SBU President. He is also the Chairperson of the Board

of Kordsa, Brisa, Temsa Skoda Transportation and Temsa Motorlu Araçlar, Member of the Board of Teknosa.

He is SUNUM's (Sabancı University Nanotechnology Research and Application Centre) Chairperson of the Board, TÜSİAD's Board Member, Chapter Zero Steering Committee Chairperson, DEİK / Türkiye - USA Business Council (TAİK) Board Member and Boğazici University alumni.

Tomio Fukuzumi Vice-Chairperson of the Board

Assignment Period: December 21, 2022 – until the 2023 Ordinary General Meeting

Tomio Fukuzumi graduated from Osaka City University, Department of Economics. He joined Bridgestone in April, 1988. In his career, he worked in mainly international tyre business and worked as Tyre Sales Director and Managing Director in Korea, USA Chicago, Belgium Brussels, India and Thailand. Fukuzumi was assigned as Director of Tyre International Business at BSJ Head Office in 2016, and also served as a Member of the Board of Directors in BSAM, BSEMIA and BSCAP. Fukuzumi has been working at Brisa since December 21, 2022.

Mustafa Bayraktar Board Member

Assignment Period: March 26, 2021- until the 2023 Ordinary General Meeting

Mustafa Bayraktar graduated from the Finance Department of Alabama University and received his master's degree in the same field from Boston College. Since 2002, he has been serving as the Chairperson of the Board of Directors of H. Bayraktar Yatırım Holding A.Ş.

Bayraktar has been serving as the Chairperson of the Board at Baylas Otomotiv A.Ş., Baytur Motorlu Vasıtalar Tic. A.Ş., Bayraktar Otomotiv A.Ş., Bayraktar Holding A.Ş., Ege Fren Sanayi ve Ticaret A.Ş., and Ege Endüstri ve Ticaret A.Ş.

BOARD OF DIRECTORS

Haluk Dinçer
Board Member

Assignment Period: March 26, 2021- until the 2023 Ordinary General Meeting

Haluk Dinçer received his undergraduate degree in Mechanical Engineering from University of Michigan and his MBA from the same institution.

Haluk Dinçer is the President of Financial Services at Sabancı Holding, and he also serves as the Chairperson of the Board of Aksigorta, Ageas, Sabancı Ageas Sağlık Sigorta, Tursa, AEO and Exsa.

Before assuming his current position in 2020, Dinçer served as President of Insurance Group between 2016-2020, President of Retail and Insurance Group between 2011-2016, President of the Retail Group between 2007-2011, President of Retail and Food Group from 2004 to 2007, President of Food Group between 2002-2004. Joining Sabancı Group in 1995. Dinçer assumed key leadership roles in the Group's affiliated automobile, food, and retail companies.

Haluk Dinçer served as the Chairperson of TÜSİAD Board of Directors in 2014 and as the President of DEİK/Turkish-American Business Council between 2008-2014. He currently sits on the TÜSİAD Presidents' Council. He is also a Member of the Geneva Association, the leading international think tank of the insurance industry.

Frederic Jean Hubert Cecile Hendrickx
Board Member

Assignment Period: March 26, 2021- until the 2023 Ordinary General Meeting

Frederic Jean Hubert Cecile Hendrickx graduated from the University of Leuven Law School in Belgium in 1991. In addition, he studied Environmental Management at University of Antwerp (Belgium) and Energy Law at University of Copenhagen (Denmark).

He started his career at the headquarters of United Nations Environment Program in Nairobi, Kenya, and worked for a year in the International Agreements Section of the Danish Ministry of Environment. In 1993, Hendrickx joined the Bar Association of Brussels and worked at American law firm Hunton Williams until 1999. He then joined General Electric, assuming various legal leadership roles for GE's Life Sciences Division in Stockholm and London offices.

From mid-2015 until April 2023, he acted as Legal and Internal Audit Vice-President and Chief Risk Officer at Bridgestone EMIA. Since April 2023, Hendrickx has been acting as Chief Legal and Risk Officer at Bridgestone EMIA.

Mete Ekin
Board Member

Assignment Period: March 26, 2021- until the 2023 Ordinary General Meeting

Mete Ekin graduated from Istanbul Technical University Chemical Engineering Department in 1993. He then completed his graduate degree in Hartford University Connecticut in 1995.

In March 2016, Mete Ekin joined Bridgestone as the Regional Manager of Bridgestone Middle East Africa FZE responsible from the MEA markets (50 countries).

Mete Ekin took several different managerial positions in Türkiye, Italy, Egypt and MENA region and has more than 28 years of experience in the tyre industry. Ekin started his career in Turk Pirelli. During his last five years in the Company, until 2015, he held General Manager and CEO positions. Before his appointment to this position, Ekin assumed several managerial positions such as the Sales and Marketing Assistant General Manager of Pirelli Egypt and as the Global Commercial Business Unit Marketing Manager of Pirelli Italy's General Management Quarters.

Ekin previously served as Vice-President of Emerging Markets, Russia, CIS, India, Middle East and Africa at Bridgestone EMIA and as Vice-President and Head of Joint Global COO Office at Bridgestone. Ekin has been appointed as President of Bridgestone's European Core Tyre Business, effective from January 1, 2024.

Ekin speaks fluent English, Italian and German.

Daniel Jean Pierre Giroud
Board Member**

Assignment Period: March 26, 2021- January 1, 2024.

Daniel Giroud graduated from the Marketing Department of the University of Nice in 1996 and completed the ESG Paris Business School of Management Financial Engineering MBA program in 2009.

After working at various international companies such as Claire's Accessories, United Colors of Benetton, Hutchinson Whompoa, Auchan and Etam, Giroud has been serving as Deputy General Manager of Bridgestone EMIA Sales since March 2020. Giroud has been appointed as President Retail EMEA and Business Leader Global Franchise as of January 1, 2024.

** By the decision of the Board of Directors dated December 23, 2023, with Daniel Jean Pierre Giroud resigning from the Board of Directors, Jerome Freddy Pierre Boulet was appointed in his place, effective as of January 1, 2024.

Haluk Kürkçü
Board Member

Assignment Period: March 26, 2021- until the 2023 Ordinary General Meeting

Haluk Kürkçü received his undergraduate degree in Mechanical Engineering from Middle East Technical University in 1984.

Kürkçü started to work at Brisa in 1986 and served in managerial positions at production planning, industrial engineering and production areas in the following two decades. He was appointed as Production Director in 2006, and served as Engineering Director between 2015-2018. Kürkçü has served as Vice-CTO since 2018 and was appointed as CEO of Brisa on July 1, 2020.

Kürkçü also serves as the Chairperson of the Board of Directors of Arvento Mobile Systems.

Outside the Group, he is a Board Member of LASDER (Tyre Industrialists Association) and Chairperson of the Board of LASiD (Tyre Industrialists and Importers Association).

Sakine Şebnem Önder
Board Member

Assignment Period: September 20, 2022 - until the 2023 Ordinary General Meeting

Şebnem Önder graduated from Ankara University Faculty of Law in 1994.

She started her career in 1994 as Associate at White & Case LLP (Türkiye). Between 1999 and 2000, she continued working at the same position in New York, where the Company's headquarter is located. Then, from 2000 to 2014, she worked as a Partner in the Türkiye unit of the same company. In 2014, she started to work as the Legal Director of British American Tobacco (Türkiye & North Africa). Önder worked as the European Regional Head of Compliance at British American Tobacco between 2018 and 2022.

Since September 12, 2022 Önder has been working as Sabancı Holding Legal and Compliance President. She is also a Member of the Board at Akçansa, Brisa, Carrefoursa, Temsa Skoda Sabancı Ulaşım Araçları A.Ş. and Sabancı Building Solutions B.V.

BOARD OF DIRECTORS

Mehmet Tanju Ula

Independent Member of the Board
Assignment Period: March 26, 2021
- until the 2023 Ordinary General Meeting

Mehmet Tanju Ula was born in Zonguldak in 1947. He completed his secondary school education at the Kadıköy Maarif College and then enrolled to the Mechanical Engineering School of the Middle Eastern Technical University to receive his B.SC in 1969 and M.SC in 1971. He worked as a Project Engineer at the ATAS Refinery between 1971-1974 period and at the TPAO General Management between 1975-1976.

He started working as Planning Engineer at Lassa A.Ş. on June 1, 1976 and later on assumed the position of Product Planning/Control and Production Planning Director. In 1985 he became the Supply Director of Kordsa A.Ş., where he later became the Commercial Assistant General Manager. Mehmet Tanju Ula assumed the General Management position at Dusa A.Ş. in 1996, at Sakosa A.Ş. in 1999, and at Beksa A.Ş. in 2004.

Mehmet Tanju Ula returned to Kordsa A.Ş. as the General Manager in 2005 and following the reorganization of the Kordsa Global A.Ş., he served as the Vice-President and Region One General Manager until his retirement in April 2009.

Following his retirement, he took the Secretary General position of the Sabancı Museum for a year and a half. He is currently an Independent Board Member of the Board of Directors of Brisa.

Ahmet Erdem

Independent Member of the Board*
Assignment Period: April 1, 2023
- until the 2023 Ordinary General Assembly meeting

After receiving his undergraduate education in Civil Engineering at Istanbul Technical University, Ahmet Erdem completed his degree in Engineering Management at Istanbul University Graduate School of Business Administration.

Erdem, who started working at Shell in 1990, worked at top executive levels in Türkiye, the Middle East and Europe. After serving as Greece and Türkiye Investment Manager and Türkiye Retail Sales Manager, in 2006, he joined Shell & Turcas Petrol A.Ş., where he is currently the Chairperson of the Board of Directors. He played an important role in the establishment of the Shell & Turcas joint venture. After serving as Retail General Manager and Executive Committee Member during the integration of the joint venture, he served as Country Chair Shell Kenya and Chairperson of Shell Kenya, the centre of Shell's activities in East Africa. Ahmet Erdem received training on financial and reputation risk management at Royal Dutch Shell and has 20 years of risk management experience across the country.

Erdem currently serves as Country Chair of Shell Türkiye as well as Chairperson of Shell & Turcas A.Ş.

Ahmet Erdem previously served as Independent Board Member of Sabancı Holding and Chairperson of the International Investors Association (YASED) for two terms. He currently serves as the Chairperson of the Petroleum and Petroleum Products Industry Council of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), Chairperson of the Board of Directors at Turkish Oil Industry Association (PETDER), Board Member at the Sustainable Development Association (WBCSD Türkiye), Board Member of the United Nations Global Compact Türkiye and the Energy Efficiency Association (ENVER), and the Advisory Board Member of the British Chamber of Commerce.

** By the decision of the Board of Directors dated April 1, 2023, with Mehmet Kahya resigning from the Independent Board Membership, Corporate Governance Committee and Early Detection of Risk Committee Chairpersonship and Audit Committee Membership, Ahmet Erdem was appointed in his place.*

Jerome Freddy Pierre Boulet

Board Member**

Assignment Period: January 1, 2024
- until the 2023 Ordinary General Meeting

Jérôme Boulet serves as Vice-President Logistics and Supply Chain Management of Bridgestone Europe Middle East and Africa (EMEA), a position he has held since February 2021. He also serves as Board Member of Bridgestone Middle East and Africa, headquartered in Dubai.

In his role, Jérôme maintains executive leadership over the end-to-end supply chain from procuring raw material, planning, manufacturing, to warehousing and distributing Bridgestone tyres across EMEA geographies. As member of the Global Supply Chain Management Committee of Bridgestone Corporation, he is also the architect of the next-gen supply chain, which will maximize value creation by closely connecting customers and the value chain, this to result in a "resilient excellent Bridgestone."

Since he joined Bridgestone in 2001, Jérôme took diverse leadership positions that spanned product management, digital venture, merger and acquisition, supply chain management, manufacturing strategy and procurement. In recent years, Jérôme has spearheaded the mobility solutions strategy for Bridgestone EMEA and led the acquisition of TomTom Telematics in 2019 (known today as Webfleet Solutions). In 2020, he joined the COO office and led multiple

large-scale transformations in the field of logistics optimization, manufacturing footprint restructuring and procurement outsourcing.

Jérôme also worked for several years at Accenture, where he was centred on working with Boards of Fortune 500 companies on large-scale supply chain transformation in Pharmaceutical, Automotive, Steel and Chemical sectors.

Jérôme earned his bachelor's degree in business and economics from ESCIP School of International Business, France.

*** By the decision of the Board of Directors dated December 23, 2023, with Daniel Jean Pierre Giroud resigning from the Board of Directors, Jerome Freddy Pierre Boulet was appointed in his place, effective as of January 1, 2024.*

Mehmet Kahya

Independent Member of the Board*

Assignment Period: March 26, 2021
- April 1, 2023

Mehmet Kahya received his double major BS degree in Chemical Engineering and Economics from Yale University and his MBA with majors in Finance, Marketing and Operations Research from Kellogg School of Management.

He started his career as Chief of Management Services at Sasa (1975-80) and later was Founder and President of MKM BV (Netherlands) and of Sibernetik Sistemler (1980-1986). Mehmet

Kahya rejoined Sabancı Group as Automotive Group Vice-President and was VP/President of Temsa and Vice-President of Toyotasa while serving as Member of the Sabancı Holding Planning and Steering Council and as Member of the Boards of Temsa, Toyotasa, Susa and Sapeksa during the period of 1986-1994.

In the period 1994-2006, various positions held by Kahya was Managing Director and Vice-Chairperson of the Board of CarnaudMetalbox, President of Uzel Makina and Executive Board Member of Uzel Holding, General Manager and Group Vice-President of DYO, Executive Board Member of Sarten Ambalaj, and Vice-Chairperson of the Board of Gierlings Velpor (Portugal), President of Assan Alüminyum.

Since 2006, he is advising boards/ shareholders as the Founder of Kronus.

** By the decision of the Board of Directors dated April 1, 2023, with Mehmet Kahya resigning from the Independent Board Membership, Corporate Governance Committee and Early Detection of Risk Committee Chairpersonship and Audit Committee Membership, Ahmet Erdem was appointed in his place.*

MESSAGE FROM THE CEO

Strong steps in the journey of transformation into a mobility company

In alignment with its vision for 2030, Brisa is taking firm steps to become a mobility company.



We increased the number of Otopratik and Propratik fast service points, which are positioned as mobility centres, reaching a total of 139 service points.

Despite the adversities of 2023, **Brisa** achieved strong and stable progress in line with its strategic road map.

Esteemed Shareholders,

The year 2023 was characterized by highly challenging conditions, including economic stagnation across Europe, disruptions in global supply chains, and high inflation. Furthermore, on February 6, 2023, Türkiye endured a catastrophic earthquake.

Indeed, we left behind a notably difficult year marked by economic uncertainty on a global level.

The conflicts in the Middle East, along with the ongoing Russia-Ukraine war and the negative impact of inflation on all markets, including those of developed economies, placed serious pressure on the global economy.

Despite the adversities of 2023, Brisa achieved strong and stable progress in line with its strategic road map. Operating under the long-established partnership of Sabancı Holding and Bridgestone, Brisa continued to prioritize adding value to its country and society.

In 2023, Brisa also demonstrated a strong financial performance. Upholding its success story in terms of cash management, the Company reached a total turnover of TL 26.5 million. Our operating profit increased by 38% compared to last year. Our export operations to more than 80 countries continued to grow stronger. With our Lassa brand, we expanded our market share in 21 countries.

We kept our balance sheet and profitability robust by diversifying our financing transactions in a rapidly changing macroeconomic setting and highly regulated environment. Thanks to our strength and leadership in the field of sustainability, we performed our first sustainable financing transaction with the European Bank for Reconstruction and Development (EBRD).

We take firm steps in the mobility journey

Throughout this period, Brisa continued to take strong steps in its journey of transformation from a tyre company into a mobility company, in accordance with both the goal set in the Company's own 2030 vision, and in a manner aligned with its partners' strategic road maps.

We increased the number of Otopratik and Propratik fast service points, which are positioned as mobility centres, reaching a total of 139 service points. At the same time, we implemented the Otopratik Midi concept as service points capable of providing service within a smaller footprint.

We enriched our products and service solutions for electric vehicles, the numbers of which are rising due to electrification trends in the automotive industry. Per our 2030 road map, which includes setting up e-charging stations at every Otopratik service point, we moved forward with the

installation of e-charging stations across Türkiye. With our proficient and highly trained personnel, we are equipping Otopratik stores with the skills and competencies necessary to service and maintain electric vehicles that require special expertise.

Our mobility journey also incorporates the expansion of our tyre business by adapting to emerging trends. In 2023, we launched state-of-the-art products for hybrid and electric vehicles, a result of our agile R&D studies. The success of these studies is amply demonstrated by the TOGG Sport Utility Vehicle (SUV), i.e., Türkiye's first smart vehicle, which was offered with Lassa tyres as standard.

With the upcoming introduction of the special compound technology, an outcome of the USD 34 million capacity expansion investment announced in 2023 for the Aksaray Plant, we aim to have the capacity to quickly launch state-of-the-art and world-class products aligned with emerging mobility trends such as electric vehicles, and reinforce our position as a mobility partner for vehicle manufacturers.

Through our acquisition of Arvento, Türkiye's leader in the field of vehicle tracking systems, in 2022, we deepened our cross-synergy efforts. Representing a key milestone in our mobility transformation, we broke new ground in mobility across the industry, offering services that integrate Brisa's products and service network with Arvento's fleet management platform.

MESSAGE FROM THE CEO

In 2023, we became global leader in the Climate Change and Water Security categories in terms of the Carbon Disclosure Project (CDP) scores.

In 2023, which marks the 100th anniversary of the Republic of Türkiye, we completed a significant project that will lead the local development of the earthquake-stricken region as part of the Sabancı Republic Mobilisation.

We signed a loan agreement of USD 100 million or equivalent with the European Bank for Reconstruction and Development (EBRD) to support "sustainable development" efforts.

A global leader in sustainability
During this period, we achieved significant success in the field of sustainability, an area prioritized in our 2030 road map. I can proudly say that Brisa, with its practices and high-level commitments that exceed expectations and requirements, is the leading company in sustainability across the entire tyre industry, both on a national and global level.

In 2023, we became the global leader in the Climate Change and Water Security categories in terms of the Carbon Disclosure Project (CDP) scores. We are the first and only company in the global tyre industry to achieve this success. During this period, we also signed a loan agreement of USD 100 million or equivalent with the European Bank for Reconstruction and Development (EBRD) to support "sustainable development" efforts.

Our sustainability efforts are designed to create value in concert with our entire ecosystem. Through the SUSPRO program for our suppliers, we ensured that suppliers, which are prioritized on a risk basis in terms of financial,

climate and water-related risks, make science-based target commitments. We prioritized dealers with high environmental and social impact and certified 25 dealers under our Green Dealer program by assessing their store practices.

Mobilisation for the earthquake-stricken region
We conduct our activities conscious of our social responsibilities, reflecting the principles of the Sabancı Group, which views social responsibility awareness as an essential core element of its management approach across all operations.

We were shocked and deeply saddened by the earthquake in Kahramanmaraş. We mobilised all our resources to assist the region and quickly responded to the needs of local people and our dealers affected by the disaster. We supported the Sabancı Group's aid efforts in the earthquake-affected areas with the volunteer participation of more than 500 employees.

We launched the Sabancı Hatay Incubation Centre in cooperation with Habitat Association and with the contributions of Kordsa, Teknosa and Temsa, Sabancı Group companies.

In order to address the region's education needs, which were among the most urgent, we built the Sabancı Lassa Secondary School in Hatay in less than three months, with the contributions of the Sabancı Foundation and our shareholder Bridgestone.

In 2023, which marks the 100th anniversary of the Republic of Türkiye, we completed a significant project that will lead the local development of the earthquake-stricken region as part of the Sabancı Republic Mobilisation. We launched the Sabancı Hatay Incubation Centre in cooperation with Habitat Association and with the contributions of Kordsa, Teknosa and Temsa, Sabancı Group companies. As part of its efforts to prevent migration from the region and to reintegrate young people and women into economic and social life, the centre provided training support to more than thousand people in Hatay and Adana.

Esteemed stakeholders,
Once again, Brisa's valuable employees were key assets in enabling us to realize our achievements and shape our future plans. We aim to ensure that our employees are fully prepared for the future, equipping them with new skills and competencies while carrying out the mobility transformation of our Company in a dynamic and rapidly evolving setting.

I would like to thank all our employees who contributed to Brisa's strong performance, as well as our partners, shareholders, suppliers, dealers and valued customers, who have steadfastly supported us along this journey.

Kind regards
Haluk Kürkçü
CEO

EXECUTIVE BOARD

Haluk Kürkçü	General Manager
Tomio Fukuzumi	Executive Coordinator
Cenk Koçdor	Chief Sales Officer
Evren Güzel	Chief Commercial Officer, Marketing & Intl. Markets
Neslihan Döngel Özlem	Chief Financial Officer
Tetsuya Tsutsumi	Chief Technical Officer
Tuğba Gök Nam	Chief Human Resources Officer
Yakup Demir	Chief Commercial Officer, Supply Chain & OE

* Presented in alphabetical order except for General Manager and Executive Coordinator.

Haluk Kürkçü General Manager

Haluk Kürkçü received his undergraduate degree in Mechanical Engineering from Middle East Technical University in 1984.

Kürkçü started to work at Brisa in 1986 and served in managerial positions at production planning, industrial engineering and production areas in the following two decades. He was appointed as Production Director in 2006, and served as Engineering Director between 2015-2018. Kürkçü has served as Vice-CTO since 2018 and was appointed as CEO of Brisa on July 1, 2020.

Kürkçü also serves as the Chairperson of the Board of Directors of Arvento Mobile Systems.

Outside the Group, he is a Board Member of LASDER (Tyre Industrialists Association) and Chairperson of the Board of LASİD (Tyre Industrialists and Importers Association).

Tomio Fukuzumi Executive Coordinator

Tomio Fukuzumi graduated from Osaka City University, Department of Economics. He joined Bridgestone in April, 1988. In his career, he worked in mainly international tyre business and worked as Tyre Sales Director and Managing Director in Korea, USA Chicago, Belgium Brussels, India and Thailand. Fukuzumi was assigned as Director of Tyre International Business at BSJ Head Office in 2016, and also served as a Member of the Board of Directors in BSAM, BSEMIA and BSCAP. Fukuzumi has been working at Brisa since December 21, 2022.

Cenk Koçdor Chief Sales Officer

Born in 1978, Cenk Koçdor graduated from METU, Department of Industrial Engineering in 2001. He completed the Executive MBA master's program at Sabancı University Faculty of Management Sciences in 2014. Koçdor has been working at Brisa since June 2, 2003. He is also a Board Member of Arvento Mobile Systems.

Evren Güzel Chief Commercial Officer, Marketing & International Markets

Born in 1978, she is a graduate of Galatasaray University, Department of International Relations. She completed her master's degree on European Union at the University of Birmingham (UK) in 2005. She has been working at Brisa since May 1, 2006.

Neslihan Döngel Özlem Chief Financial Officer

Neslihan Döngel Özlem was born in 1982 and graduated from Bilkent University, Department of Economics and completed MBA Executive program at Boğaziçi University. She started her career as an auditor at PwC in 2005, and worked in the fields of financial planning, control, reporting, analysis, revenue assurance and internal audit at Sabancı Holding, Enerjisa Enerji and Enerjisa Üretim between 2009-2022. Döngel Özlem also served as a Board Member at Agesa and Çimsa. She has been working as Chief Financial Officer at Brisa since March 1, 2022.

Tetsuya Tsutsumi Chief Technical Officer

Born in 1975, Tetsuya Tsutsumi graduated from Yokohama National University, Department of Engineering and Science. Tsutsumi, who has been working at Bridgestone Corporation since 1997, has been working at Brisa since January 2022.

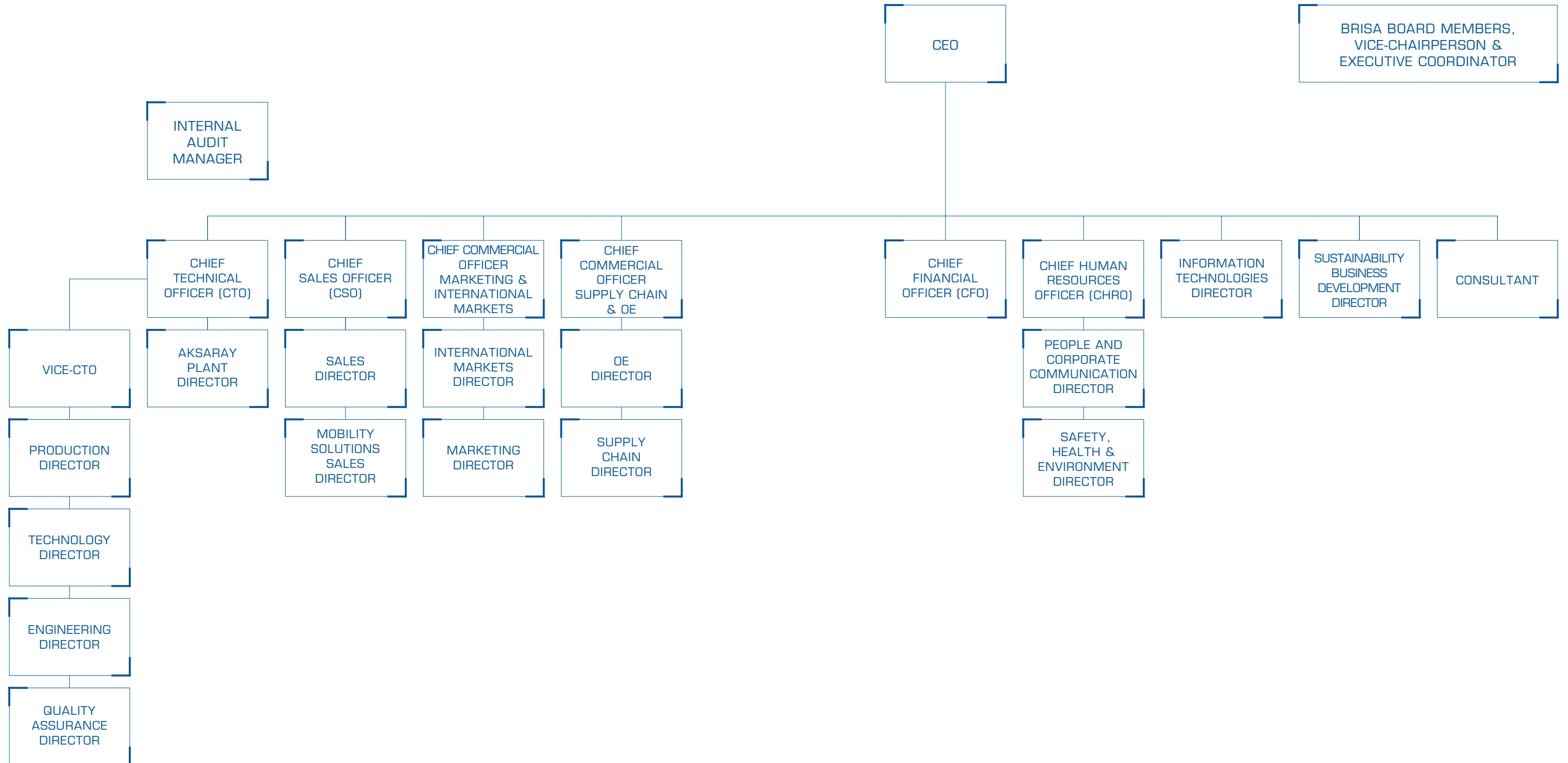
Tuğba Gök Nam Chief Human Resources Officer

Tuğba Gök Nam completed her BA in Business Administration at Gazi University and her MA in Human Resources Development at METU. She continues her doctoral studies in Management Sciences at Sabancı University. Gök Nam has been working as Chief Human Resources Officer at Brisa since November 1, 2022.

Yakup Demir Chief Commercial Officer, Supply Chain & OE

Born in 1972, he is a graduate of Yıldız Technical University, Department of Naval Architecture and Marine Engineering. He has been working at Brisa since April 7, 1997.

ORGANIZATION CHART



MACROECONOMIC DEVELOPMENTS IN 2023

A macroeconomically challenging year

Rising exchange rates, high inflation and increase in financing and credit costs as a result of tightening in monetary policy were major developments that stood out during the year.

4.5%
2023
TURKISH
ECONOMY
GROWTH RATE

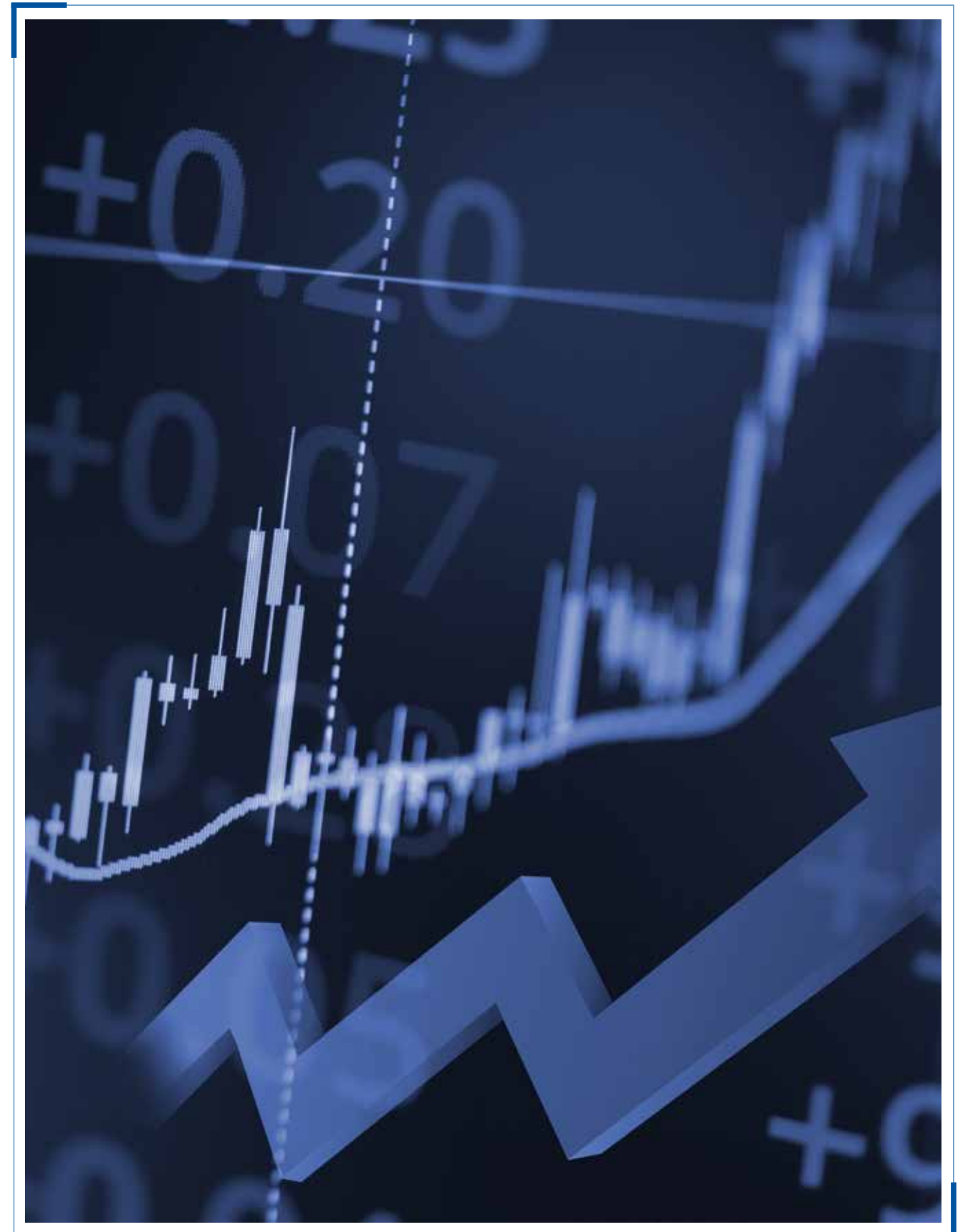
64.8%
2023
YEAR-END
INFLATION
RATE IN
TÜRKİYE

On a global level, economic activity followed a path of slow recovery in 2023. Subsequent to the 3.5% growth recorded in 2022, the world economy is expected to grow by 3.1% in 2023, according to IMF January 2024 World Economic Outlook Report forecasts. It is forecasted that, during the same period, growth in developed economies will fall from 2.6% to 1.6% and the slowdown will be felt more clearly, while growth in developing economies is expected to remain unchanged at 4.1%.

On the other hand, inflation on a global scale is expected to drop from 8.7% in 2022 to 6.8% in 2023, due to tightening monetary policies along with a decline in international commodity prices.

For the Turkish economy, 2023 was an extremely challenging year. Rising exchange rates, high inflation and increase in financing and credit costs as a result of tightening in monetary policy were major developments that stood out during the year. According to TURKSTAT data, the Turkish economy grew at an annual rate of 4.5% in 2023, subsequent to the 5.5% growth in 2022. While the contribution of domestic demand to growth fell due to the implementation of a tight monetary policy, the contribution of investments rose.

On the inflation front, despite tightening monetary policy, 2023 closed with annual CPI inflation at 64.8%, showing an upward trend most notably in the second half of the year (annual CPI inflation at the end of 2022 was at 64.3%).



INDUSTRY ASSESSMENT FOR 2023

2023: A year full of success for Brisa

In 2023, Lassa achieved significant success by expanding its market share in a total of 21 countries across the European and non-European markets.



Brisa maintained its position in the replacement and OE tyre market via its Bridgestone, Lassa and Dayton brands, as well as its innovative solutions.

Total sales in the Turkish automotive industry (passenger and light commercial vehicles) grew by 57.4% during the period of January-December 2023 compared to the same period in the previous year, reaching 1,232,635 units. Passenger vehicle sales increased by 63.2%, while light commercial vehicle sales rose by 39.2%.

According to the 2023 Q4 report forecast published by LMC, the Turkish replacement and OE tyre sales market grew by 4.8% in 2023 compared to the same period in the previous year. In the Turkish OE tyre sales market, passenger and light commercial vehicle tyre sales grew by 5.7% in 2023, while heavy commercial tyre sales increased by 11.2% compared to the previous year. In the Turkish replacement tyre market, the light commercial vehicle tyre segment shrank by 11.6%, while the passenger vehicle tyre and heavy commercial vehicle tyre segments expanded by 7% and 8%, respectively.

In light of these developments in the Turkish industry, Brisa maintained its position in the replacement and OE tyre market via its Bridgestone, Lassa and Dayton brands, as well as its innovative solutions. In 2023, the Company continued prioritizing health and safety, completing a year in which it focused on the evolving needs of customers and the market, and offered enriched services beyond tyres.

Situation in the global industry
The passenger and light commercial vehicle segments' total vehicle sales grew by 9% during the period of January-December 2023 compared to the same period in 2022, as outlined by the 2023 last quarter report estimations published by LMC. The highest growth, i.e., 62.2%, occurred in Ukraine, a market that experienced the greatest contraction during the previous year.

Total new automobile and light commercial vehicle sales rose in Türkiye, Belgium and Mexico in 2023 compared to the previous year. While total new automobile and light commercial vehicle sales fell in Indonesia, Thailand and North Africa in 2023, the greatest contraction was experienced in Pakistan and Colombia.

In 2023, the global tyre market continued above the 2022 levels. Global replacement and OE tyre market sales grew by 2.4% in 2023 compared to the previous year. Conversely, the European replacement and OE tyre market shrank by 1.1% compared to the previous year.

Extraordinary success from Lassa
During the January-December 2023 period, Lassa increased its market share, outperforming the market in its sales across the Central Europe, Commonwealth of Independent States, North Africa and Middle East markets compared to the same period in the previous year.

During this period, Lassa achieved significant success by expanding its market share in a total of 21 countries across the European and non-European markets. In Europe, Lassa enlarged its market share in countries including Bulgaria, Croatia, Hungary, Romania, Serbia, Germany, Italy and Sweden. The non-European markets in which Lassa increased its market share include Algeria, Libya, Morocco, Tunisia, Iraq, Lebanon, Pakistan, United Arab Emirates, Azerbaijan, Kazakhstan, Belarus, Ukraine and Georgia.

PRODUCTS AND MOBILITY SOLUTIONS

Value-added products for the future of the automotive world

PRODUCTS

Brisa carries out its production activities in its Izmit Plant with an indoor area of 361 thousand m² as well as its Aksaray Plant which is equipped with smart technologies. These production facilities, which are included among the most important centres of Bridgestone Corporation's global production network, has significant competitive advantages in the industry with their state-of-the-art equipment, value-added production, flexibility in production planning, ability to manufacture products suited to the market and customer requirements, and the ability to domestically manufacture import products.

New Products

Brisa manufactures tyres that meet international safety and quality standards for automobiles, light commercial vehicles, buses, trucks, agricultural and construction machinery with its brands Bridgestone, Lassa and Dayton. In addition to manufacturing tyres, the Company also imports Firestone brand agricultural equipment tyres and Kinesis brand solid tyres for forklifts, thus offering 1,800 types of products to the market.

Furthermore, the Bandag brand as well as the local Veloxia brand lead the way in the tyre retreading segment. As part of the Company's goal of offering a balanced mix of products to vehicle owners, the Bridgestone brand focuses on performance, environment and safety, while Lassa designs products with the "Balanced Performance" approach by giving priority to economy, comfort and durability parameters.

Tyre Brands



Retreading Brands



New products introduced to the market in 2023 include:

Lassa Competus A/T

The Lassa Competus A/T series developed by Lassa for Pick-Ups and 4x4 Vehicles with on-road and off-road capabilities has been renewed. The new Competus A/T 3, which has proven its suitability for use in all weather conditions during tests, stands out with its high level of performance and comfort in all road conditions thanks to its aggressive pattern design, increased puncture and cut resistance as well as improved braking distance in the wet and dry.

Bridgestone Turanza 6

Brisa has launched Bridgestone Turanza 6, which has been developed specifically for the summer season. Bridgestone Turanza 6 has been designed with the Enliten technology and is suitable for use with hybrid and electric vehicles, offers superior manoeuvrability and grip thanks to

its innovative mixture technologies and filler-polymer chemistry, dual-angle 3D wavy sipes, specially designed shoulder grooves and rounded blocks that provide uniform pressure distribution. It also offers high cornering performance and short braking distances on wet surfaces.

Bridgestone Blizzak LM005

With its new tyre compound and improved tread design, Bridgestone Blizzak LM005 has been developed to provide superior balance in terms of safety and vehicle control in different road conditions during the winter season, especially on snow, ice and wet surfaces.

Lassa Snoways 4

Lassa Snoways 4 is a winter tyre that offers good performance on snowy and dry ground and a high level of performance on wet ground thanks to its new pattern structure that include a high number of inclined grooves and three-dimensional kerfs. A large, modified tyre pattern has been used for better resistance to aquaplaning. With its reinforced shoulder structure, it is a long-lasting tyre that has high resistance to cut and tear.

Lassa Iceways 2

Lassa Iceways 2 is a new generation winter tyre designed for prolonged use in heavy winter conditions and allows installing snow studs.

Lassa Competus Winter 2+

Offering improved wet surface performance without compromising winter performance compared to the previous generation, the Competus Winter 2+ provides high water evacuation with large linear grooves as per its pattern design and reduces the risk of the tyre entering turbulence and aquaplaning as it passes through the water layer. Competus Winter 2+ maintains its elastic properties even at low temperatures thanks to the high amount of silica used in its tread compound. In addition, the tyre's base track is designed to increase its downforce pressure, therefore improving its grip.

Dayton DW510 Evo

Built on the Bridgestone technology, Dayton DW510 Evo winter tyre meets the expectations of vehicle owners with its long service life as well as its safety performance on wet ground. Dayton DW510 Evo offers effective braking performance on snowy and icy ground thanks to its advanced block design and safe handling on wet surfaces thanks to its special grooved structure, and also provides fuel saving with its optimized block structure and lightweight construction.



Lassa Competus A/T

Bridgestone Turanza 6

Safe driving even in winter conditions

The smooth tread profile and grooves mean that the Lassa Energia 330S tyres have more grip and ensure safe driving even in winter conditions.



Lassa Energia 330S

Lassa Energia 330S

In the regional segment, which has the largest share in the commercial market, the new front axle tyre Lassa Energia 330S, developed for the front axles of tractor trailers performing regional transportation and domestic long-distance transportation, has been introduced to the market. Developed in three main sizes, Lassa Energia 330S tyres are more resistant to irregular wear and offer longer-lasting tyre performance thanks to the improved compound technology, and minimize tyre-related fuel consumption with their low rolling resistance. In addition, the smooth tread profile and grooves mean that the tyres have more grip and ensure safe driving even in winter conditions.

Dayton LSR (D550S & D650D)

In addition to Bridgestone and Lassa tyres, Dayton tyres are also offered for sale in the light commercial vehicle segment, which includes midibuses and pickup trucks with all-steel body framing and 17.5 rims, due to changing purchasing habits of customers in this segment. Dayton LSR (D550S & D650D) tyres, available in three sizes for both the front and rear axles, stand out with their good wear performance, improved handling on wet ground and safe grip and can be used in all weather conditions. It also has a durable tyre carcass for good retreadability.

Important collaborations with vehicle manufacturers

Brisa is accelerating its efforts to meet the tyre requirements for electric and hybrid vehicles with its strong R&D know-how.

Featured collaborations with vehicle manufacturers

As vehicle manufacturers around the world turn to developing and producing electric and hybrid vehicles in order to reduce fossil fuel use, the performance expectations and characteristics of the tyres to be used in these vehicles are also transforming. In line with these changes, Brisa is accelerating its efforts to meet the tyre requirements for electric and hybrid vehicles with its strong R&D know-how and is working on new concept products that offer lower rolling resistance, lower emissions and less noise, and lower weight. In 2023, as a result of these efforts, Türkiye's first-ever tyre that is compatible with electric vehicles was produced for Türkiye's first-ever 100% electric vehicle, Togg T10X, under the Lassa brand. Lassa has become the official tyre supplier for Togg T10X.

Bridgestone has become the tyre supplier of Toyota's rechargeable hybrid car C-HR model. Turanza 6 tyres, developed by Bridgestone in

sizes 215/60R17 96H, 225/55R18 98V and 225/50R19 96V, have been designed according to the specific changes made in Toyota C-HR's Hybrid and Rechargeable Hybrid models.

Brisa tyres developed throughout 2023 have started to be used as of 2024 in both internal combustion engine (ICE) and electric (EV) engine options of Ford's new generation Custom vehicles.

Bridgestone's new generation tyres R179 and R-Trailer 001, which have been created as a result of special R&D, design and production processes, have taken their place in Tirsan's lowbed and platform trailers.

Lassa tyres with the Telegripper pattern, specially designed for use with forklift trucks, have started to be used in telescopic forklifts of MST, which is a construction equipment manufacturer affiliated to ASKO Holding. With this collaboration, Brisa entered the Turkish OE telescopic forklift truck market.

Brisa and Atılım Beton signed an agreement over Brisa's Profleet commercial fleet solutions. Under this agreement, Brisa have begun to carry out in-depth inspection on the tyres on all axles of the vehicles in Atılım Beton's fleet as part of the Aspects+ service and to record details of these tyres and provide instant reporting with the DigitalFilo TMP+ service.



A leading actor with new services in mobility

Brisa and Arvento synergy is getting stronger: Ongoing efforts for brand new solutions integrating Brisa's tyres and service network with Arvento's fleet management platform.

MOBILITY SOLUTIONS

Arvento: Pioneer in technology, leader with its solutions

Arvento, which set out with the vision of developing accessible technological products in the field of fleet telematics, stands out in the new era with its new generation products in the field of mobile camera/telematics solutions, object tracking systems and vehicle tracking systems, and products that offer much more comprehensive operation management.

Arvento develops and manufactures the most commonly used products in today's IoT world and sets itself apart from the competition with mobility solutions that accelerate the digitalization journey of organizations. Backed by the experience and technology of the "Bridgestone Mobility Solutions" world following the merger with Brisa, Arvento continues to work with Brisa to develop brand new solutions integrating Brisa's tyres and service network with its own fleet management platform.

During the year, many new hardware or software products were offered to customers, including the new generation telematics device X1-L, which was developed using artificial intelligence models and supported 4G. The development and field tests of the TPMS (Tyre Pressure Monitoring System), which will make a great contribution to the total cost management of commercial fleets, have been largely completed and work has begun to launch the product.

Mobilfix, Brisa's Golden Collar award-winning extraordinary service vehicle, is equipped with Arvento's video telematics solutions and offers its customers the opportunity to monitor transactions in real time.

Arvento Basic Safe Driving Training Package

As part of Arvento's vision of instilling a culture of Safe Driving in Türkiye, all preparations for the Arvento Basic Safe Driving Training Package, which will be available to all Arvento drivers, have been completed with the contribution of Halit Bolkan, who is one of the leading specialists in this sector. This training package will be offered to Arvento drivers within the new Arvento Super-app to be developed.

The "cross synergy" activities aimed at turning individual customers of Arvento and Brisa into customers of both companies have continued at full speed throughout 2023. As a result of these activities, Brisa made approximately 53 thousand additional tyres/11,500 additional service sales transactions by acquiring nearly 1,900 new customers, while Arvento sold nearly 5,500 additional devices by acquiring 354 new customers in 2023.

Telematics device for electric buses

As a result of the synergy activities carried out with Sabancı Holding's subsidiaries, a total of 4,870 vehicle tracking devices were sold, including nearly 4,500 devices which were sold to Enerjisa.

Within the framework of the OEM synergy project carried out with Temsa Skoda Sabancı Ulaşım Araçları A.Ş., the first leg of the work on integrating factory-installed telematics devices into both diesel and electric buses has been completed, and the telematics devices to be installed in 75 electric buses have been shipped.

As a result of the synergy activities carried out with Aksigorta, Arvento customers have begun to be provided with special insurance offers and this has been announced to all Arvento customers. Next year, development work will be carried out on a user-based insurance model based on the driving data from the telematics devices.

New concept: Otopratik Midi

Otopratik underwent a comprehensive segmentation project in 2023, as a result of which the Otopratik Midi concept was brought to life. Focusing on the end consumers and the fast service with their compact dimensions, 8 Otopratik Midi locations started operating in 2023.

Otopratik, the fast servicing chain positioned as the mobility centre of the Company, has signed a collaboration agreement with Cenntro Türkiye. Under this collaboration, Otopratik has started to offer vehicle delivery services, after-sales maintenance services and repair services during and after warranty period to Cenntro Türkiye's electric vehicles in cities where Cenntro Türkiye have no sales locations.

With the introduction of the web-based mobile vehicle service software for dealers, customers can now enjoy a more convenient service process without having to download any specific app. This service brings a novel approach to shopping for tyres and service for customers who are looking for an easy and fast online shopping option, thus creating a difference in the sector.

On-site service with Otopratik

In 2023, Otopratik began to offer "On-Site Service." With this service, which was first launched for customers in Istanbul, vehicle owners can book service appointments in a secure and fast manner.

Sustainable mobility

The Carcass World Project, being developed as part of the "Carcass Value Chain Management," which makes a great contribution to Sustainable Mobility, has been implemented in 2023. This project provides a central platform that makes it possible to track, analyse and evaluate the carcasses in the market for retreading. Brisa aims to bring 60 thousand carcasses back into economical use through this project.



PRODUCTS AND MOBILITY SOLUTIONS

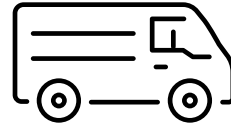
Innovative products, brands and services

Products

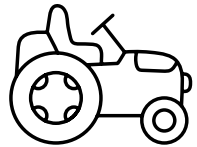
Consumer Tyres
(PSR, UHP, 4x4 RFT, LT)



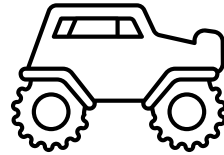
Commercial Tyres
(TBR & LSR All)



Agricultural Tyres
(Bias and Radial)

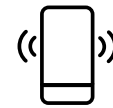


Off-Road Tyres

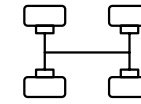


Smart Services

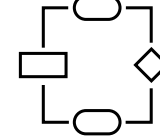
B2B



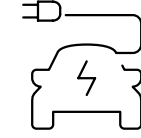
Passenger Vehicle Fleet Service Module



B2C



E-charging for electric vehicles



Tyre Brands



Retreading Brands



Mobility Brands



MANUFACTURING

Annual production capacity of over 13 million

Izmit Plant and Aksaray Plant have an annual production capacity of 11 million and 2.5 million tyres, respectively.

93%
IZMIT
PLANT CUR

98%
AKSARAY
PLANT CUR

Brisa carries out its production activities in its Izmit Plant with an indoor area of 361 thousand m² as well as its Aksaray Plant with an indoor area of 146 thousand m².

Izmit Plant and Aksaray Plant have an annual production capacity of 11 million and 2.5 million tyres, respectively.

An additional investment of USD 34 million has been planned for the Aksaray Plant, which was established with new generation technologies with an investment of USD 300 million in 2018. The goal is to reach the capacity planned for the first phase by 2024 and to increase the annual production capacity to 4.6 million tyres by 2026.

	2022	2023	Change
Production Quantity (Unit)	13,762,332	13,600,178	-1%
Production Amount (Ton)	201,448	201,160	0%
Capacity Utilization Ratio (CUR) of Izmit Plant	96.0%	93.0%	-3%
Capacity Utilization Ratio (CUR) of Aksaray Plant	100.0%	98.0%	-2%



DOMESTIC DISTRIBUTION AND SALES CHANNEL MANAGEMENT

Always there to support its customers

Brisa continuously improves its stores and expands their coverage area to provide "the best customer experience in the industry."

The Company continuously improves its stores and expands their coverage area to provide "the best customer experience in the industry." Customer waiting rooms, personal work areas and hygiene areas in the stores are being renewed in line with the customer experience store standard designed to accommodate the customers' needs and to improve their experience.

Stores branded with Bridgestone, Lassa and Lastiğim logos and signs offer tyre sales and service, while Otopratik stores offer economical and high-quality tyre and fast maintenance services for passenger cars and light commercial vehicles. In line with the strategy to turn fast maintenance service locations into mobility centres, maintenance and charging services for electric vehicles are offered at Otopratik service points. With the Otopratik Midi concept, the same high quality vehicle maintenance services have begun to be offered in stores with a smaller area so that the Otopratik services can reach more customers.

Propratik stores not only meet all sales-service needs related to tyres, batteries, spare parts and accessories for heavy commercial vehicles with their innovative solutions, but also assists drivers

with efficient and safe driving. At Propratik stores, Bridgestone and Lassa's products for the bus-truck segment as well as Bandag retreading, basic vehicle and tyre maintenance services are offered under a single roof.

The number of sales points with Lastiğim signs is being increased to ensure that vehicle owners can access Brisa's products and services wherever they need. The Company also provide on-site services at customers' locations with its Mobile Service Vehicles: Mobilfix, Filofix, Probox and Lassabox.

The number of Bridgestone Performance Centre stores, which are premium concept stores where high-performance vehicle owners can enjoy a more personalized customer experience, is also being increased.

Always full support for dealers!
In the aftermath of the earthquake that struck Kahramanmaraş in February 2023 and deeply saddened our entire nation, Brisa delivered its specially designed mobile stores to its dealers whose stores were unable to be used due to damage. More than 20 mobile boxes were prepared, with Probox serving commercial vehicles and Lassabox serving passenger vehicles.



Supporting the development of dealers

Brisa supports the development of its dealers with regard to retail sales and customer satisfaction in order to offer a better experience to its customers at stores. Based on the results of the yearly Customer Experience Marathon, during which performance of the stores is evaluated, training and development programs are developed and implemented, specifically focusing on areas for improvement. The video training series prepared regarding the Customer Satisfaction approach is also published on Brisalyız.biz and Lastiğim.biz platforms and made available for all dealers.

The "Digital Projects: 3D Master" mobile game app put into use at Brisa Academy to increase and standardize the knowledge and skills of dealers, thus contributing to traffic safety and improving customer satisfaction at sales points, was experienced by a total of 330 dealer employees at 175 dealers in 2023. The 3D Master app allows service technicians to experience service operations, such as disassembly-assembly of parts and repair operations, in three dimensions to learn the process and minimize errors.

Brisalyız.biz, which is a communication, news and information-sharing platform used for enhancing collaboration with dealers, and Lastiğim.biz, a platform for Lastiğim dealers, are being improved with rich contents and kept up-to-date with digital meetings, training contents, surveys, "support for your business" and "news from you" sections. In order to support the development of dealers, Lastikmarkt, a closed circuit C2C platform that enables Brisa products to be easily bought and sold among dealers in the sector, was launched, while the Bipratik application, which enables the service needs of all brands of tyres sold online to be purchased from Otopratik points, the highest quality service points in the sector, was launched.

Brisa also continues to maintain and enrich "Brisalyız Card," which is the Company's first ever loyalty card program that offers exclusive opportunities and discounts to dealers, and "Tyre Money," an incentive program that is shaped according to regional needs and supports retail campaigns and communication.

For customers who want to reach Brisa through the online channel, the Chatbot channel available on the websites is being enriched to improve the customer experience.

Customers who want to buy tyres and contact Brisa via the Chatbot, which represents the first and only implementation of this type of channel in the sector, are instantly brought together with the dealers, can book appointments and access to products and services.

Brisa attaches importance to developing long-term relationships with its business partners, built on solid foundations and based on mutual trust, and contributing to the continuity of their business. As per Brisa's vision of growing together with its business partners, the Company offers the "New Generation at Work" certificate program to help family businesses that have been handed over from father to son, brother, nephew or have become richer and more diversified with the joining of such family members to the business to expand their vision, increase their efficiency and support them with regard to institutionalization.

Brisa dealers also support women's participation in the workforce. Brisa continued to empower female employees of its dealers through the training provided as part of the Customers' Heroes and Service Heroes Projects. Brisa also launched a sustainability incentive system to support and accelerate the development of dealers in the field of sustainability.

DOMESTIC MARKETING AND SALES

Unique customer experience

Brisa strives to create unique customer experiences by developing new business models and devising new combinations of information, Company resources and digital technologies.

Brisa positions itself not only as a tyre manufacturer but also as a "value provider."

Effective management of the internal digitalization process allows the Company to offer a better value to customers during marketing and sales activities. The Company strives to create unique customer experiences by developing new business models and devising new combinations of information, Company resources and digital technologies. The goal is to be customers' first choice when they need tyre change and vehicle maintenance services.

Brisa positions itself not only as a tyre manufacturer but also as a "value provider." While maintaining its leading position in the Turkish market with its strong brands, the Company also offers value-added services that meet customers' needs and expectations. Besides taking customer satisfaction to the next level, the Company is working on offering all customers and stakeholders a better experience with its brands.

Performance measurement
The Company regularly holds meetings with randomly chosen customers of its business partners to measure customer satisfaction and service performance. The Company monitors customers' satisfaction and their likelihood to recommend its services through regular measurements and takes action with relevant business partners when necessary. This means that the Company always attempts to further improve the quality of its products and services.

Brisa makes mystery shopping visits at its business partners' service points. Mystery shopping visits are intended to gain insight into the actual experiences of real customers. This way, the quality of the services provided to customers is observed on-site, the customer experience is measured, and development actions are identified together with business partners based on the outcomes.



In addition, special actions are taken with business partners who play a key role in customer satisfaction. The Company is running a coaching program to strengthen its ties with business partners and to help the swift adaptation of new members of the Brisa family. With this program, the Company aims to spread best practices by giving information about its approach to customers, customer satisfaction standards and best practices. In addition, the Company regularly monitors its business partners' expectations regarding the future through a "confidence index" and sets its monthly operational agenda accordingly.

Support for digitalization
As part of the digitalization process that provides efficiency and an effective management approach, Brisa offers trainings to its business partners on digitalization and changing customer expectations within the scope of the "My Business Partner is Digitalizing" project. With this project, the presence of business partners on digital platforms is strengthened, and it is aimed to create customer traffic to the stores of business partners by using digital marketing tools.

Under the leadership of Brisa Academy and Marketing Excellence teams, business partners' approach to customers is observed on-site, areas for improvement are identified, and supplementary training is provided so that they can improve customer satisfaction and experience. Trainings are repeated every three months, and the business partners' progress with respect to customer satisfaction and net promoter scores is monitored.

DOMESTIC MARKETING AND SALES

Supporting customers with the "Tyre Assurance (Lastik Güvencesi)" campaign

With the "Tyre Assurance (Lastik Güvencesi)" campaign, Brisa continues to provide assurance to the customers who use its tyres against road-related tyre damage for a period of one year.



The Company gets out in the field every month to keep the pulse of the customers in order to get the opinions of end users about its brands and products. Opinions of tyre users are sought on matters such as brand awareness, product satisfaction, campaign awareness, and expectations from the brand.

Diversified communication channels

In addition to its investments in the business partners and customers, the Company also diversifies the communication channels through which it contacts them. Campaigns are being carried out to increase the awareness about, and reinforce the reputation of, Bridgestone and Lassa brands, which are considered to be among the most sincere brands in Türkiye.

In line with its mission of offering innovative and value-added experience to its customers, Brisa ensures that all its customers can contact the Company via WhatsApp Business app from 09:00 to 18:30 on weekdays and from 09:00 to 17:30 on weekends. At the same time, communication with customers continues uninterrupted and "live support" service is offered.

Supporting customers with the "Tyre Assurance (Lastik Güvencesi)" campaign

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"Tyre Assurance (Lastik Güvencesi)" is offered free of charge to both increase the sales of Lassa and Bridgestone tyres and ensure customer satisfaction. The campaign reaches a quite wide customer base as it covers all passenger and 4x4 type summer, winter and all-season tyres for 13 rims and above.

Only individual customers can benefit from the "Tyre Assurance (Lastik Güvencesi)" campaign, which can be used for one tyre only for purchases of four tyres from dealers, Lastiğim, Otopratik, Original Equipment Plaza and lastik.com.tr sales channels. In order to benefit from the campaign, customers are required to visit lassa.com.tr or bridgestone.com.tr and register within 15 days after the invoice date.

The "Tyre Assurance (Lastik Güvencesi)" service can be used anywhere in Türkiye, not only at the location of purchase. Customers can benefit from the campaign at any authorized dealer of their choice.

When a tyre gets damaged and becomes unusable, free of charge replacement of the damaged tyre with a new one under the "Tyre Assurance (Lastik Güvencesi)" campaign ensures full customer satisfaction.

Strengthened brand advertisement and sales activities to become the first choice of passenger and light commercial vehicle drivers

- The Enliten technology, which contributes to sustainability and enables production of tyres specifically designed for electric vehicles, was introduced under the Bridgestone brand. Turanza 6, a new summer tyre pattern for passenger vehicles and Duravis Van, a summer tyre pattern for light commercial vehicles, were developed with the Enliten technology and placed in the market, increasing the Company's strength in the fast-growing electric vehicle tyres market.
- The summer tyre Transway 3, developed for the Lassa light commercial vehicle range without compromising on the usual durability, long-life performance and safety characteristics of the brand's tyres, is put on sale.
- Lassa initiated a social awareness project called "Stand Firm at Pedestrian Crossings (Yaya Geçitlerinde Sağlam Duruyoruz)" to ensure traffic safety at pedestrian crossings, invite all of Türkiye to stand firm at pedestrian crossings and protect lives. The project was announced on TV, radio, outdoor billboards and digital media.
- Lassa signed a title sponsorship agreement with Darüşşafaka, the leading club of Turkish

basketball. With this collaboration, Darüşşafaka Basketball Team started to play on the court under the name "Darüşşafaka Lassa." The collaboration between the two well-established brands was announced on TV and digital media.

- Bridgestone launched its communication campaign, which included its new slogan "Kusursuz Performans Senin Elinde (Perfect Performance is in Your Hands)" and three separate films, on TV, radio and digital channels.
- The Bridgestone Studio Project continued to connect with consumers and collaborate with artists by drawing upon the unifying power of music in its third season, too.
- Lassa's and Bridgestone's sales campaigns were announced on TV, radio and digital media channels.
- The communication activities and projects implemented with the Lassa and Bridgestone brands won 25 awards in many different categories at leading contests in the digital marketing and advertising sector.
- Summer, autumn and winter sales campaigns were carried out at Otopratik stores. The campaigns offered discounts on maintenance services and opportunities for Otopratik branded gift products.
- The "Aklinızı Kullanın, Otopratik'e Gidin (Use Your Mind, Go to Otopratik)" communication continued on TV, radio and digital channels throughout this year, too.

Fleet customers

The Company offers smart solutions beyond tyres to its fleet customers with Profleet services.

- Brisa is the leading player in the industry with the service solutions for commercial fleet customers. Fleets using the Profleet services are supported by the Profleet field team, which consists of 120 people.

- Digital Fleet services have been enriched.
- Filofix 24/7 Commercial Roadside Assistance service continued to improve customers' experience as a mobile service. Roadside assistance service was provided 5,717 times to fleet vehicles stranded on the road.
- The Company is improving its product performance and service quality through its new technology equipment (Shearography) investments in retreading. 70,004 tyres were retreaded in 2023.
- Commercial fleets can access the Filofix 24/7 Commercial Road Assistance service by using the Digital Fleet app and receive service with a single click, regardless of whenever or wherever in Türkiye they are stranded.
- Mobilfix service, which is the first ever mobile service truck in the world developed for heavy commercial vehicles and is part of Profleet, has begun to be provided again after the pandemic. Following the earthquake in Kahramanmaraş, Mobilfix-Mobile service vehicle was sent to the earthquake-stricken region and more than 800 service operations were provided to more than 200 vehicles.
- The TMP+ program, which allows tracking of tyres by serial number from installation until removal from the vehicle, was moved to the mobile app in order to allow Profleet consultants to enter data more quickly.
- As the mobility leader of the tyre industry, Brisa organized the Digital Fleet Meetings in collaboration with Arvento, the leader of the telematics solutions. More than 400 participants came together with industry professionals at the Digital Fleet Meetings, where innovative fleet management solutions and strategies made possible by technology were discussed.

INTERNATIONAL MARKETING AND SALES

Lassa's strong global brand journey

Today, Lassa tyres produced in Türkiye are exported to 83 countries around the world.

Brisa, the industry leader in Türkiye, also becoming a leading player in the international market.



While Brisa maintains its leadership in the Turkish industry, it is also becoming a leading player in the global market. Today, Lassa tyres produced in Türkiye are exported to 83 countries around the world.

While stores are an important part of the vision of business enrichment and providing added value to customers, they also demonstrate the industry's confidence in the brand and its belief in operating under the brand.

The switch to On-Site Customs Clearance at the Aksaray Plant is another project that will add swiftness to export activities. This means that customs clearance procedures are carried out at the plant, which enables Brisa to ship export products directly to the border customs administration. The number of countries to which products are exported from the Aksaray Plant was 55 in 2023.

Today, there are more than 600 stores with Lassa signs around the world, and Lassa branded tyres are offered to consumers at more than 6 thousand sales points. In 2023, three new Lassa stores were opened in Sri Lanka, Malaysia and Egypt, and two new Carlider sales points were opened in Spain.

The Company continues its efforts to increase the number of sales points with Lassa signs in international markets and to improve loyalty of business partners and brand awareness. Some of the actions taken in 2023 to that end include the following:

Trade Fairs

- In order to reinforce brand awareness in the Iraqi market, where a successful growth momentum has been achieved during the last few years, the Company participated in the "Autoshow Erbil" Fair held in Erbil on March 2-5, through its distributor in the region. Being the only tyre brand participating at the fair, Lassa attracted a great deal of attention.
- Lassa participated in the "TyreExpo Singapore" Fair, which is one of the most important tyre fairs in the Asia-Pacific region and was held on March 8-10, for the first time after the pandemic. During the fair, Brisa had the chance to meet with business partners and potential customers from different countries in the Asia-Pacific region to proceed with Lassa's expansion strategy in international markets.



- Within the scope of Brisa's growth strategy in Kazakhstan, the Company participated in the "Automechanika Astana" Fair, held on April 12-14, through its distributor in the region.
- The Lassa brand and products were introduced at the Baltic Conference, which was held in September by the Brisa distributor and attended by dealers from the region.
- Brisa participated in the "IX Jornadas de Puertas Abiertas" Fair held in Spain from September 30 to October 1, through its Lassa brand.
- In order to support the new distributor in the United Arab Emirates and to increase brand awareness, Brisa participated in Automechanika Dubai, which is one of the standout fairs in the region and was held on October 2-4.

Campaigns and Sponsorships

- In Bulgaria, the Lassa communication plan, in which visuals are renewed seasonally, started in February with the summer season adaptation of the "Together in Every Mile" brand slogan communication.
- In order to support summer season sales in Montenegro, billboard advertisements at eight locations and radio advertisements on two radio

channels were launched within the framework of the communication plan for March, April and May.

- Sales campaigns were organized in Spain, Italy, Lithuania, Croatia and Azerbaijan, which are included among important markets, to support the first quarter purchasing quantities of sub-dealers.
- Credit card instalment campaigns up to 24 monthly instalments were launched in Azerbaijan, especially for the Nowruz and Ramadan periods.
- Within the scope of its branding strategy in the Moroccan market, Lassa collaborated with Haytam Miftah, one of the country's most well-known comedians and actors. The new commercial, shot with Haytam Miftah, focuses on Lassa's new global slogan "Together in Every Mile" and aims to explain that Lassa is always there for its consumers, regardless of road conditions and vehicles. The commercial was shot in the Agafay desert, Casablanca and Marrakesh, started to be broadcast on digital channels as of April. The advertisement, which had intensive media coverage between April and June, reached approximately 14 million people. The commercial was moved to traditional channels during the last quarter of the year. The

advertisement was broadcast on three different channels in November and also broadcast during the Morocco-Tanzania national match and during the top TV time slots from November 24 to December 7. In addition, the Haytam Miftah collaboration was announced to consumers through billboards at 20 different locations in Casablanca, Rabat and Marrakech throughout December.

- The Lassa commercial, which was broadcast in Lithuania in the last quarter of 2022 and featured Jurgis Kairys, a well-known aerobatic pilot in Lithuania, was broadcast again on digital channels during March-April and reached 5.7 million people during this period.
- In order to support summer tyre sales by increasing Lassa brand awareness in Ukraine, a summer communication campaign focused on digital channels was launched in March and April. With this campaign, 43 million viewings were achieved through both online banners and YouTube videos/advertisements, and the videos were watched approximately 9.5 million times. In addition, campaign communication also continued in the offline channel via billboards near sales points.

INTERNATIONAL MARKETING AND SALES



- As of May, Lassa became the main sponsor of the TV program "İzin Yolu" broadcast on the TV channel called Kanal Avrupa. The contents of the TV program "İzin Yolu" was designed to inform the Turkish community who will travel by land and air to spend their holidays in Türkiye upon start of the annual leave/holiday season. Within the scope of the sponsorship, which continued until the end of June, Lassa was covered in the broadcast with both advertisement spots and the "Lassa'dan Sağlam Bilgiler (Reliable Information from Lassa)" content, which included useful information for consumers about tyres and long-distance journeys.
- In order to support Lassa sales to end consumers in the UK in May-June and November-December, an Amazon campaign was launched, which offered gift vouchers up to £40 upon purchase of four tyres redeemable at the sales points of the two partners. The campaign was supplemented by radio advertisements and communication activities in digital channels.
- During the second half of the year, billboard advertisements that lasted for six months were launched at 15 different locations in order to increase brand awareness and sales in Libya.
- Lassa hot air balloon team competed in the World Women's Hot Air Balloon Championship held in Northam, Australia between September 4-9. During the championship, in which teams from each country completing their national league at the top places are eligible to participate, Joanna Biedermann, Poland's best woman pilot, represented both Lassa and Poland by participating in the races with her Lassa hot air balloon.
- Lassa billboard advertisements were put on display for consumers at 11 locations in Kenya during October and November.
- In order to support winter season sales in Serbia and Bosnia, advertisements were broadcast on the two top TV channels and the three top radio channels in the countries during October, November and December.
- In Croatia, advertisements were broadcast on top radio stations throughout the winter.
- In order to support winter sales in Moldova, a gift voucher campaign was held with vouchers worth 10 liters of gasoline for the purchase of four tyres between October and December. During that season, visibility was also achieved with billboard advertisements at two locations, and radio ads were broadcast on the top radio stations.
- In December, Lassa winter communication campaign was launched digitally in the northern Italy. For this campaign, visuals that positioned Lassa with iconic buildings were used.
- A collaboration agreement was signed with the social media-famous illustration artist Robin Yayla for Snowways 4 and the new product Competus A/T3. Illustrations drawn by the famous illustrator to interpret the world of products in his own style were displayed.
- In order to support winter tyre sales by increasing Lassa brand awareness in Ukraine, a communication campaign focused on digital channels was launched in October and November, and this campaign was also supported with radio ads in the offline media. Additionally, a special test and promotional video was shot and broadcast with an automotive expert as commentator for the new 4x4 product Competus A/T3 and winter products.
- In Bulgaria, ad billboards were used at twelve locations between October and December to support brand awareness during the winter season. Additionally, Lassa ads aired on the leading radio channels throughout the winter.

The product label design applied to tyres in non-European regions has been renewed according to the brand's new global motto "Together in Every Mile."

- In Montenegro, ad billboards were used at eight locations and ads aired on two radio channels to support winter season sales as part of the communication campaign for November and December.
 - In Azerbaijan, TV advertisements were broadcast during Galatasaray's matches in the European arena.
 - In the Northern Cyprus, megaboard ads were used along the highway in the direction of Nicosia-Kyrenia. In addition, Lassa advertisements aired during two different TV programs on national channels as well as on two radio channels.
 - Lassa has signed an in-field LED advertising collaboration with Sheffield Wednesday, one of the Championship league football clubs in England, for the 2023-2024 season.
 - Austrian and Slovenian Lassa dealers were provided with accommodation and entertainment in Istanbul between June 1-4. With the "Lassaland" trip, which included plant visits and product training, Brisa had the chance to spend pleasant time with dealers and re-strengthen its relations following the end of the pandemic.
 - Existing Lassa dealers making the highest volume of purchases as well as potential dealers from Uzbekistan, Moldova and Iraq were provided with accommodation and entertainment in Antalya with three different events in September. During the events, where Brisa had the opportunity to establish closer relationships with dealers, discussions were made about the market and product training was provided to increase the effectiveness of the dealers in the field.
 - Brisa met with Croatian dealers in Zagreb on September 16, held online meetings with Ukrainian dealers on September 22, and provided them with refresher training on winter products.
- Activities for Dealers**
- In Sicily, 15 Lassa sales points, which reached their purchasing target for the month January, were provided with accommodation and entertainment in the Partana Region of Sicily between February 25-26.



- In October, the Lassa loyalty program "LassaFamily Egypt" developed for Egyptian dealers was launched at an event during which Egyptian dealers were hosted in Cyprus.
- In October, Lassa dealers from Iraq and Tunisia were provided with accommodation and entertainment in Antalya. Product training was given to the dealers.
- In October, Lassa dealers from Azerbaijan were provided with accommodation and entertainment in Thailand as part of an incentive travel.
- In November, Lassa dealers from the UK and Libya were provided with accommodation and entertainment in Istanbul.

Brand Activities

- In February, the Arabic language version was added to the global website "lassa.com" which had been renewed at the start of 2022, thus enabling the consumers in the region, which has a large share in the sales, to access Lassa's website in their own language. In line with its growth strategy in non-European regions, Brisa prepared the Lassa product catalog, which also included new products, in Arabic and Russian and made it available to the customers in the respective regions. Additionally, within the scope of the growth strategy in the Polish market, the Polish language option was added to the Lassa global website, thus making the website available in eight different languages.
- The product label design applied to tyres in non-European regions has been renewed according to the brand's new global motto "Together in Every Mile" to make Lassa tyres look more attractive on the shelves.
- A new content platform has been created and put in place to support distributors in managing the contents on their national Lassa social media accounts and to ensure that these accounts are actively used.

INVESTMENTS

Investments focused on future products and digitalization

While Brisa continues its activities with the mission of adding value to journeys, it also continues to increase its product capacity, diversity and quality, and invest in modernization projects focused on sustainability and digitalization.

In 2023, the Izmit Plant received a total investment of USD 34.8 million (2022: USD 32.9 million), including investments for renovation, modernization, new product development and other units.

Whereas the Aksaray Plant received USD 22.0 million investment in 2023 (2022: USD 15.7 million). Thus, the total investment made to date for the Aksaray Plant reached USD 337.7 million.

The investment incentive certificate application submitted to the Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment for the expansion investments planned to be made in the Aksaray Plant was approved.

A three-year investment incentive certificate dated March 30, 2023 with document no. 551117 and document ID 1056294 was issued to the name of the Company for a total expansion investment of TL 935 million, with the investment start date of December 27, 2022. The certificate stipulates an investment contribution rate of 40% and a tax deduction rate of 80%.

An additional investment of USD 34 million is planned for the Aksaray Plant. The goal is to reach the capacity planned for the first phase by 2024 and to increase the annual production capacity to 4.6 million tyres by 2026.

Heat pump projects designed to save energy and water were implemented in the Izmit and Aksaray Plants. The energy efficiency projects to be implemented at Brisa Plants under the umbrella of Enerjisa Enerji's program of "Energy of My Business (İşimin Enerjisi)" are expected to provide energy savings worth TL 2.4 billion in total throughout their economic life.

A loan agreement of USD 100 million or equivalent has been signed with the European Bank for Reconstruction and Development (EBRD) to finance the new investment expenditure program for the period 2023-2025. This program includes capacity expansion through acquisition of new machinery and equipment at the Aksaray Plant, and modernization and improvement investments to increase the production of fuel-saving and low-carbon emission products at the Izmit Plant.

Plants getting ready for the future

As Brisa moves towards its 2030 vision, it will continue to focus on modernization works and investments in this direction by prioritizing sustainability and digitalization in its Izmit and Aksaray Plants.

HUMAN RESOURCES

Value created with 3,712 employees

Brisa is successfully moving towards its goals with its employees who are competent enough to adapt to change in a quick and agile manner, thanks to the Smart Culture, in which the Company has been making investments for many years.

Far beyond being a tyre company, **Brisa** is on a journey to the future where it assumes the leadership of mobility.

Brisa views its employees as its greatest asset.

As of December 31, 2023, the number of permanent employees at Brisa is 3,712. 2,786 of these employees are subject to the provisions of the Collective Labor Agreement, and 906 of them are not included in the Collective Labor Agreement. The Company has 20 foreign employees. In addition, the Company has six employees with fixed-term employment contracts.

Rights and benefits provided for employees

Besides monthly salaries to all employees, the Company provides benefits such as bonuses in the amount of four months' gross salaries, Private Pension Plan, health insurance, life insurance for employees out of the scope of the Collective Labor Agreement, where as it provides fuel allowance, religious holiday allowance, annual leave allowance, maternity allowance, death benefit, marriage benefit, tuition benefit, family-food benefit, shopping voucher, child allowance for employees within the scope of the Collective Labor Agreement. In addition, all employees are provided with food and transportation services.

Collective labour agreement

The negotiations for the 22nd Term of Collective Labor Agreement between the Company and Petroleum Chemical and Rubber Industry Workers' Union of Türkiye (LASTİK-İŞ) started on February 10, 2022, and concluded successfully with an agreement on April 15, 2022, thereby putting into effect the Collective Labor Agreement for a 24-month period as of January 1, 2022.

Best employee experience

Far beyond being a tyre company, Brisa is on a journey to the future where it assumes the leadership of mobility. The Company's priorities in its 2030 road map include improving its plants with state-of-the-art equipment, achieving mobility transformation and sustainability. When it comes to implementing these priorities and getting ready for transformation, the Company's most important asset is its employees.

The Company is successfully moving towards its goals with its employees who are competent enough to adapt to this change in a quick and agile manner, thanks to the Smart Culture, in which the Company has been making investments for many years. Brisa continues to implement many pioneering practices that prepare its employees for the business world of the future.

HUMAN RESOURCES

Within the scope of the work carried out to support physical and mental health, each Brisa employee is provided with the opportunity to meet with their own psychologist, dietitian, and sports trainers.

The "future of work transformation" is a model that focuses on "skills/competence."

With the "Future of the Work" program launched in 2022, the future of business styles, working environments and workforce has been redesigned together with employees from a holistic and employee-oriented perspective. With more than 90 Brisa employees who received the title of "Future of Work Developer," the working experience was re-evaluated by creating working groups in the fields of Remote Working, High Performance-Oriented Workforce, Agile Working, Physical and Mental Health, Talent and Skill Management, Purpose-Oriented Organization and Culture, Flexible Working, Digital Data and Leadership of Future.

Regarding the working experience, which has been re-evaluated with a completely up-to-date perspective by taking into account the needs of employees in line with the requirements of the time, remote and hybrid working models have been established as permanent models. In this model, which also includes physical, spiritual and mental health support packages, agile practices that shorten project durations as well as flexible employment and alternative working styles are implemented. In addition, within the scope of the work carried out to support physical and mental health, each Brisa employee is provided with the opportunity to meet with their own psychologist, dietitian, and sports trainers.

Regarding the "future of work transformation," the Company's goals include creating competency/skill-based organizations to bring the agility, creativity, diversity, participation and equality that the future demands and to offer the best employee experience. Therefore, a model that focuses on "skills/competence" instead of the traditional approach that focuses on "job" has begun to be designed and implemented for all processes from recruitment to remuneration, organizational structuring and career management.

With this perspective, many new projects and practices will be implemented, ranging from talent ecosystem practices that provide employees with space and initiative to take action as well as the ability to take part in different projects in different departments where they want to develop their skills, to talent/skill-based compensation systems, new generation reward practices such as global work & travel, and talent analytics systems which ensure that employees are notified about opportunities that suit their skills without requiring them to submit any application.

In this skill/competence-based transformation, one of the Company's focal points will be to increase and develop the competencies that employees will need in the world of the future through reskill and upskill programs.



HUMAN RESOURCES

Brisa strives to continuously improve working conditions and invest in innovation in order to provide a comfortable and safe work environment for its employees.



Talent management approach

The Company strives to continuously improve working conditions and invest in innovation in order to provide a comfortable and safe work environment for its employees. In this way, a sound work environment is provided to employees where they can unlock their potential and develop in their career journey:

- Programs are offered for anyone with 0-5 years of experience to improve their skills in many areas, such as leadership and team management.
- As part of the "Brisa Talent Management Approach," Brisa believes that all of its employees have the potential to add value to the Company, stakeholders, processes, teams and themselves from the moment of recruitment, and plans the career development of each employee by evaluating it together with all managers during the Organizational Success Plan process.
- Brisa adopts a skill-focused approach when planning the workforce of the future and offers non-traditional development opportunities. With the Critical Experience Universe, which makes the critical experience opportunities within Brisa available to everyone, Brisa employees are supported to shape their development path in the direction they want.

- With the 90-day Coaching Program, managers are supported during the first three months, which is a critical period in their adaptation to their new duties in leadership positions.
- Newly hired employees are welcomed through the "Brinsan" platform, and they are introduced to Brisa through the YeniBri digital orientation program, helping them to complete their adaptation as smoothly as possible.
- Brisa continues to improve employee experience by constantly listening to the employees. With the Bri's Voice platform, which brings a systematic approach to listening to employees, different Brisa employees are listened to every month, and feedback is provided to contribute to the development of the working experience at Brisa in a sustainable way.

Brisa Academy

The Brisa Academy directly contributes to Brisa's sector leadership, success and reputation as an employer of choice by equipping employees and sales and service channels with new competencies. Brisa Academy provides training and consultancy services to more than 10 thousand people every year, including Brisa employees and dealers, through face-to-face training, an online training portal, and digital platforms that support

training. 90% of all training is carried out by using internal resources. In 2023, 55 thousand man-hours of training support was provided to all stakeholders with the help of more than 50 internal instructors.

Brisa Academy, which has Turkish Accreditation Agency (Türkak) and Vocational Qualifications Authority of Türkiye (MYK) accreditation, can issue MYK Certificates in four areas.

Studies that empower women in every field

Another important item on Brisa's agenda is to move forward by taking bigger steps in the areas of quality education and gender equality in accordance with SDGs 4 and 5 of the United Nations Global Compact. The Company has taken on an important responsibility to increase the rate of female employees in an industry which can be described as a "male-dominated" one.

Some of the steps taken in this field are as follows:

- Brisa places great importance on diversity. The Company assumes responsibility to break prejudices in the industry, which is considered essentially a male-dominated industry, and to show that women can also take part in every field. The Company investigates the reasons for inequality in areas where women are underrepresented and takes action to break prejudices. At Brisa, female employees work in all roles, ranging from drivers to security guards and operators.
- With the "Women's Platform of We Are One in the Field" established this year, a rare project in the sector was brought to life at the Aksaray and Izmit Plants, and 50 female operators were employed to work in three shifts in production functions in the field. This project was not limited to the recruitment process. With the voluntary facilitator/mentor support of other female employees working in engineering roles, a sisterhood circle was created, free

from hierarchy and all kinds of discrimination, enabling female employees to learn from each other and support each other.

- The "Sales Manager Candidate" program, the first of its kind in the industry, was launched. The program, designed to train women who are new to business life or have already taken a step, aims to empower women who want to make a career in sales. As part of the first program completed, five sales managers were assigned to their regions after going through an intensive program for six months.
- The BRIMOMS Mother Mentoring Program has been put into practice. With BRIMOMS, in which experienced mothers will mentor new mothers, working mothers are provided with support so that they can feel more self-confident and achieve the right balance between their work and private lives.
- The "Young Advisory Board," which consists of members from the Company's new generation employees, focuses autonomously on developing projects, especially on matters of diversity and inclusion.

Steps taken for existing and potential Brisa employees after the earthquake disaster

- 13 Brisa employees supported the search and rescue efforts in the earthquake-affected region. Cevdet Alemdar, Sabancı Holding Industry Group President, and Haluk Kürkcü, CEO of Brisa, met with Brisa's search and rescue teams participating in volunteer efforts in the earthquake region by visiting the Izmit Plant and presented them with certificates of appreciation for their devoted work.
- Approximately 500 volunteers from Brisa supported the earthquake region by working either remotely or in the field, organized events and contributed to the development works in the region.
- The first Light-level Urban Search and Rescue Team, consisting of 27 members, was established within

- Brisa and completed accreditation training with Kocaeli AFAD.
- Brisa supported the program called "Youth Employment Mobilization #WeAreWithYou," which was initiated by Youthall to contribute to employment of young people from the earthquake-stricken region. Two individuals from the earthquake region were hired as Mold and Maintenance Engineers at the Aksaray Plant, and one long-term intern started their internship at the Aksaray Plant.
- With the "Online Employee Support Program" and "Physical and Mental Health Application Brifit" programs, Brisa provided support to its employees and their first-degree relatives to help cope with the direct and indirect fears and concerns associated with the earthquake.
- Content from the Audio Tales series was prepared for employees' children within the scope of the "Things That Are Good for Our Health #ForYou" event. A webinar was held to examine the behavioural reactions that emerge in children after natural disasters and differ from those observed in adults.
- On March 8, International Women's Day, Brisa made a donation to the Darüşşafaka Earthquake Scholarship Fund on behalf of all its female employees.
- As part of the 18th Istanbul Half Marathon, Brisa members took action for the future of children affected by the earthquake and collected donations through the NGO of their choice.
- In order to increase the awareness among Brisa employees about earthquake preparedness, earthquake kits containing earthquake preparedness brochures were distributed to all employees.

HUMAN RESOURCES

In 2023, special events and projects were organized to bring all Brisa employees together in order to increase their loyalty and sense of belonging.



- For many years, Brisa has been treating the week that coincides with the August 17 Marmara Earthquake as an earthquake awareness week. In this context, during the week of August 11-18, activities were carried out to raise awareness about preparedness for earthquakes with awareness posters, brochures and webinars in all locations.

Brisa spirit reinforced through events and different programs
In 2023, special events and projects were organized to bring all Brisa employees together in order to increase their loyalty and sense of belonging. Some of these activities include:

- In January, 110 Brisa employees, including 12 project teams that

have been working at Brisa for 1.5 years, came together at the closing event of the Future of the Work Project.

- Townhall meetings were held four times in 2023, during which Brisa employees and Brisa CEO came together and carried out quarterly performance evaluations. Questions from employees were answered during the events.
- A Patent Recognition Ceremony was held for the Brisa employees who registered a patent, design or software in 2023 at the Izmit Plant with the participation of the project team of 54 people as well as Brisa managers.
- The "Tracers" event, which is organized by Brisa on a monthly basis as per its strategic initiatives to appreciate and recognize the good work of employees, continued

to be held during the year.

- The 18th TQM Total Quality Management Conference, held every year with the participation of Brisa employees, was held this year with a record-high number project applications and participation. The two teams that won the grand prize among eight competing projects based on the result of the jury evaluation and votes of the audience gained the right to represent Brisa at the Bridgestone European TQM Conference.
- Believing that diversity and different backgrounds and perspectives bring richness, Brisa organized a webinar for its employees with the Dem Association, which creates dialogue areas between the "hearing society" and the "hearing-impaired society"

within the scope of the Week of Disabled People.

- Brisa organized a "Positive Parenting and Mindfulness Circle" event on the Mother's Day. Employees met with the professional coach Zeynep Yetkin Yılmaz to discover ways to establish a healthy balance between work life and parenthood. On the Father's Day, Brisa employees came together with the clinical psychologist Afife Karabayır at the webinar titled Raising Self-Confident Children.
- Brisa strengthened its communication with the children of its employees and organized events at the Izmit and Aksaray Plants to celebrate the Children's Day, April 23. Brisa children came together with the famous television and movie actor Lemi Filozof and designed sustainable products through creative perspectives.
- The Republic Day, October 29, was celebrated with enthusiasm with the participation of employees and their families, and 500 saplings were planted in the garden of the Aksaray Plant.
- Brisa employees have made new achievements to their existing success in the Corporate Games sports games. Employees achieved third place in women's tennis, first and third place in men's tennis, second place in women's mountain biking, third place in women's 50-meter swimming, first place in women's 100-meter swimming, third place in women's orienteering and third place in men's basketball competitions.
- Brisa, which has digitalized its processes with technologies of the age such as artificial intelligence, has established the first artificial intelligence agile team, AI Cluster Team, consisting of ADAA graduates.
- Three Brisa members from the Brisa Innovation Team and Brisa In-House Entrepreneurship Program Rocket Focus Astronauts joined the Sabancı ARF, which Sabancı Holding uses a platform to bring initiatives into life, with two different projects.

- Brisa's in-house entrepreneurship program, Rocket, was launched this year with a focus on "Sustainability." Based on Brisa's sustainability needs, the Demo Day for the project "Rocket Focus: Sustainability," which was launched to bring new business ideas into life, was held at the end of the year.
- Brisa "DijitalSEN, Power Automate with Robi" team, which plays a role in the development of robotic automation projects in order to support digital competence development, continued its growth. The teams successfully completed the basic stages of the program: training, graduation project, sharing with managers and graduation.
- At the Brisa Vision Meeting held in December, the 2024 road map and Brisa's 2030 vision were shared by CEO Haluk Kürkçü and senior managers. Nearly 650 Brisa employees came together at the event saying, "Together in Every Move."

Uninterrupted communication with universities

Aiming to attract young talents, Brisa continued its communication with university students in 2023 without slowing down. The following actions were performed to this end:

- Brisa took part in the Future Engineering Summit event organized by Bursa Technical University. The event aims to bring together talented students with companies, while experts in the field share how innovations and change should be managed in the field of engineering.
- The Company participated in the Career Summit event organized by Kocaeli University. The event brought 60 thousand students of Kocaeli University, including students from 19 faculties of Engineering, Technology and Informatics, Medicine and Health, together with the leading firms of the industry.

- Brisa managers gave a speech at the Future Engineers Summit event organized by Istanbul Technical University. During the event, young future engineers found answers to their questions about engineering careers and career journeys, and managers' motivational and inspirational conferences from the engineering and technology department brought HR and talent acquisition experts together.
- At the Youthall Engineering Career Summit event, where engineering managers from Türkiye's leading companies met with Türkiye's best engineer candidates, Brisa employees shared their practices and experiences in the field of engineering with young engineer candidates.
- Brisa took part in the Automotive Summit (H'OTO) organized by Hacettepe University, which aims to help students get to know automotive companies closely. Mustafa Tacettin, Brisa Aksaray Plant Director, gave the attendees information about the latest developments and business life.
- Ilker Sahin, Information Technologies Director at Brisa, took part as a speaker in the Design Your Interdepartmental Route (DART) event organized by Istanbul Technical University, which aims to guide the career plans of students who are undecided about the department they want to work in, in order to convey the operating process of different departments and answer the questions of students.
- An interview was held with Brisa teams at the ITU Career Workshops, which is a series of events that bring together company representatives and students to support students' careers. Murat Hepdurluk, Vice-CTO, and Ali Yilmazer, Quality Assurance Director, shared information about their career journeys and business lives.

INTERNAL AUDIT ACTIVITIES

As of the end of 2023, six business processes consisting of 34 sub-business processes were submitted to the Audit Committee following completion of their audits.

Internal Audit

Internal audits are carried out to ensure that the Company's operations and services are conducted effectively, reliably and uninterruptedly, to improve the Company's risk management, control systems and corporate governance practices, to support the Company in its efforts to reach its corporate and economic goals, and to ensure integrity, consistency and reliability of the data obtained from the accounting and financial reporting system.

The existence, functioning and effectiveness of internal audits are ensured through the Audit Committee established within the Board of Directors. The Committee Responsible for Auditing presents its activities and its recommendations related to its duties and responsibilities, to the Chairperson of the Board of Directors.

Furthermore, in order to ensure healthy functioning of internal auditing mechanism, an Internal Audit Department operates under the Board of Directors. The Audit Committee meets regularly with the Internal Audit Department to discuss the adequacy of the internal control system and informs the Board of Directors.

Every year, risks related to all processes are reviewed, and the processes to be audited are determined. The Auditing Universe formed within the Company determines the processes that may be audited and ascertains risk score balances depending upon natural risk factors and internal control system conditions. According to this, as of the end of 2023, six business processes consisting of 34 sub-business processes were submitted to the Audit Committee following completion of their audits.

In connection with internal control deficiencies spotted within the framework of Audit Reports, actions taken by the Company officials are followed up and the adequacy of those decisions is questioned in the light of their impact on risk levels, with results reported to the Committee Responsible for Auditing.

The Internal Audit Department, which consists of four people, became a member of the Institute of Internal Auditing Türkiye in order to expand its knowledge and experience in internal auditing.

INFORMATION ON RISK MANAGEMENT PRACTICES

The Early Identification of Risk Committee reports to the Board of Directors every two months, evaluating the critical risks, pointing out the threats and proposing remedies, if any.

Risk Management Mechanism

In accordance with article 378 of the New Turkish Commercial Code entering into force on July 1, 2012 and the relevant sections of the Capital Markets Board Communiqué with Serial: IV, Number 56 dated December 30, 2011, the Board of Directors in companies whose certificates of stock are traded at the exchange are responsible for early identification of risks threatening the Company's existence, development, and sustainability. Therefore, Brisa established an expert committee, operated and developed the system for the purposes of taking necessary measures, implementing remedies, and managing risks.

The Early Identification of Risk Committee has been established in accordance with article 6 of the Communiqué with Serial: IV, Number 63 amending the Communiqué on Determination and Implementation of Corporate Governance Principles of the Capital Markets Board with Serial: IV, Number 56 and dated February 22, 2013. The Committee has taken over all responsibilities performed by "Corporate Governance Committee" pertaining to the early identification of risks.

The "Early Identification of Risk Committee" has also taken over the duties of the risk committee as specified in article 378 of the New Turkish Commercial Code. The Committee reports to the Board of Directors every two months, evaluating the critical risks, pointing out the threats and proposing remedies, if any. The report submitted to the Board of Directors is also made accessible to the Company's independent auditor.

Risk Committee and Risk Department are established for the early identification of risks, their efficient management, and integration with the Company's strategies and processes. Risk Committee is composed of Executive Board including the General Manager, Executive Coordinator, Chief Technical Officer, Chief Sales Officer, Chief Commercial Officer, Marketing & International Markets, Chief Commercial Officer, Supply Chain & OE, Chief Human Resources Officer, Chief Financial Officer, Information Technologies Director, Sustainability Business Development Director as well as the Risk Manager.

The Framework and Process of Risk Management

Risk Department seeks to integrate corporate risk management with corporate strategies and corporate culture so that all employees are aware of risks, opportunities, and responsibilities in the performance of their daily duties and so that the Company achieves sustainable growth while simultaneously creating value.

Within the framework of policies and standards concerning risk management as supported and approved by the senior managers and with full support of the management team and active participation by Company employees, the Risk Department is responsible for determining and evaluating all corporate risks. Risk Department furthermore cooperates with employees to determine strategies and actions aimed at efficient risk management process, and coordinates the work and tracks the risk management action plans of the functions. Risk Department also formulates policies and procedures in line with the risk propensity of the Company to ensure that processes are managed in line with these policies and procedures; formulates and manages policies and plans for business continuity; prepares and shares risk management reports.

INFORMATION ON RISK MANAGEMENT PRACTICES

Risk Committee convenes four times a year to evaluate risk assessment results and risk management strategies.

Critical factors for successful risk management are that all employees ranging from high level executives to low level employees understand the concept of risk, corporate risks, responsibilities, and common risk consciousness; that risk management responsibilities are determined and embraced by all; that changes are tracked and reported; and that the process is handled with an understanding of perpetual improvement. The Company also embraces these factors as key strategic objectives.

Risk Department arranges yearly risk evaluation workshops with managers and employees. In these workshops, the Company's strategic, financial, operational and external environmental risks are determined and defined. The impact and probability of loss scenarios are measured and prioritized. Strategies and actions are formulated to reduce, remove or transfer the negative impacts of the related risks. Critical risk indicators are determined, and existing risk management actions are tracked. Risk Committee convenes four times a year to evaluate risk assessment results and risk management strategies.

Risk Department shares monthly numerical indicators on critical risk areas as well as monthly development trends, their situation as determined by limits and tolerances, the reasons for deviations and changes, the costs of and reasons for business interruptions, and actions taken with the Risk Committee, thereby providing an early warning mechanism against the growth of the risks. This policy ensures that all interacting functions formulate a common perception of risk and management strategy. Besides, Risk Department also reports specific risk studies based on global and local sources and completed risk analyses to relevant directors.

The Company has ISO 31000 Risk Management Certificate and undergoes interim verification audits every year.

Operational Risk Management and Business Continuity Planning

The Company attaches great importance to the continuity of all business processes and institutional operations so that it can provide the greatest value possible. The Company performs its operational risk management activities, which include emergency situations, crisis management, business continuity and recovery stages, on a platform comprising all employees. This is achieved with the help of a planned roadmap which is subject to constant reviews and improvements.

Risk Department seeks to minimize losses induced by business and production interruptions in cases of operational risks such as supply-chain problems, interruptions in information systems, machine breakdowns, fire, natural disaster, epidemics, and other operational risks. To this end, Risk Department cooperates with related functions in devising policies and plans for business continuity, extending their viability across the Company, and updating. Closely observing product safety and quality, relevant laws and legislation, corporate reputation and social responsibility, priority for and dignity of human life, and environmental awareness, the Company's ultimate objectives include:

For an ideal management of raw material cost risk, financial instruments and tools for protection against currency risks within the framework of “hedging” policy, which is designed in full accordance with the profile and operations of the Company, are efficiently utilized.

- Providing correct information flow externally/internally and managing incidents/emergencies in cases of business interruptions,
- Developing and constantly improving reaction and response plans to make sure that customers have access to services of critical importance without any interruption,
- Benefiting from resources efficiently in cases of employee-related and other resource-related scarcities,
- Minimizing the duration of interruption for the Company, customers, suppliers, and other critical stakeholders,
- Ensuring the efficient normalization of the working order after possible interruptions and the ensuing recovery operations,
- Investing in the corporate infrastructure to minimize the prospects for interruption,
- Minimizing the negative financial and reputational impacts of business interruptions.

Company employees have the core responsibility for determining the reasons for business interruptions in the operational processes they manage or work. They must take measures and implement the very business continuity plans, which they formulated previously. Risk Department is responsible for preparing and reviewing business continuity plans across the Company. Risk Department, with the support of senior management, has developed an institutional policy and guidelines for business continuity management and planning across the Company.

Future Risks

The purchases of raw materials are predominantly transacted in USD, while the products are sold in various currencies including Turkish Lira, Euro, and USD. Therefore, possible currency fluctuations are the leading macroeconomic risk for the Company. For an ideal management of this risk, the Company efficiently utilizes financial instruments and tools for protection against currency risks within the framework of its “hedging” policy, which is designed in full accordance with the profile and operations of the Company. Thus, enabling the Company to take early measures against the possible negative consequences of currency fluctuations.

Considering the fact that raw material cost comprise a significant part of total product cost, it's predictable that sudden fluctuations in raw material costs can possibly have critical impact on corporate profitability. In periods of high volatility and sharp fluctuations in raw material prices, there may be difficulties (shortages, delays, postponements, cancellation, etc.) in the supply of goods. Within the scope of the Company's forward purchasing policy, which includes close monitoring and detailed analysis of international markets, raw material purchases are made with future payment dates and at affordable prices, minimizing the effects that may arise from sharp price changes and supply imbalances in the future.

OCCUPATIONAL HEALTH AND SAFETY

Zero work accident target

One of Brisa's main goals is to create a culture of occupational safety and make it a lifestyle in order to become one of the leading global companies in the field of safety.

Brisa uses the Occupational Safety Simulation Centre as an active training area for "Zero Work Accident" in all its processes.

Occupational Health and Safety is the first priority in all activities as an integral part and obligation of every job and all processes carried out by the Company. One of Brisa's main goals is to create a culture of occupational safety and make it a lifestyle in order to become one of the leading global companies in the field of safety. Renewing its occupational health and safety roadmap and strategies in all its activities, the Company is taking firm steps towards its goal of Excellence in Occupational Safety and Health in accordance with the relevant legislation and standards.

As of December 31, 2023, the number of accident-free days is 2,370 days in the Tyre Production 1 Department and 5,587 days in the Product Control 1 Unit.

By ensuring conformance to standards at its Izmit and Aksaray Plants, the Company has successfully completed the renewal audit for the ISO 45001 Certificate and thus has been awarded the renewed certificate.

Within the scope of the Bridgestone Safety Mission Statement, activities are carried out for raising awareness on occupational safety and execute systematic and

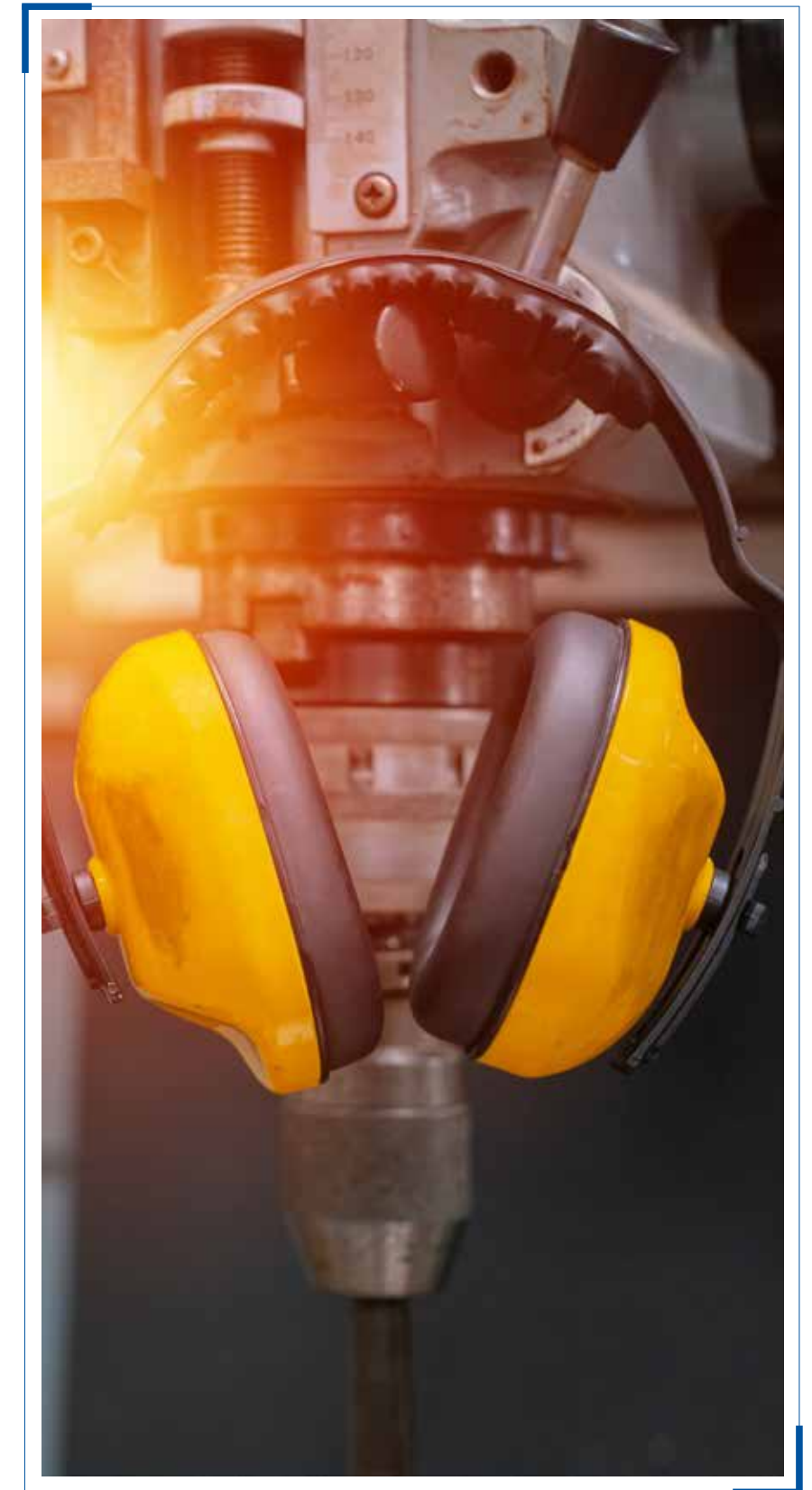
engineering projects to prevent occupational accidents at Brisa. In particular, one of the main goals of the Company is to actively implement the quality management system in all processes. In addition, within the scope of the proactive security approach, change management (M-Change) processes have become active and have begun to be actively implemented in all other auxiliary processes, including production processes.

Brisa believes that occupational safety and health training is of great importance in order to raise security awareness among employees and to make the safety approach a lifestyle. The Company uses the Occupational Safety Simulation Centre as an active training area for "Zero Work Accident" in all its processes. It is mandatory for every employee who starts working in the processes to complete these trainings. Within the scope of BRISA-MEC (Manufacturing Education Centre) activities, which has been structured in order to plan and implement the trainings more effectively, "Disaster Prevention (Fire and Earthquake)" and "Occupational Safety and Health" trainings are provided to employees, and "Basic Occupational Safety Activities" are carried out.

The Company plans to develop supplier management systems in 2024 to improve sub-contractor and supplier processes. Currently, the daily work permit system and periodic field tours continue. The Company aims to continuously improve the awareness among stakeholders through new processes.

In 2023, one Brisa employee lost their life as a result of work accident. In order to prevent the recurrence of work accidents, all work accidents, near misses and other global Bridgestone accidents are analysed. Action plans are developed for each finding and all employees are duly informed.

Priority is given to projects such as drills and preventive activities in order to be constantly active in emergency prevention and emergency management.



ENVIRONMENT

Net zero emission target by 2050

Brisa has been leading the business world with its climate change combat program and responsible and ethical work on the use of natural resources since 2005.



Brisa designs every step of its business processes around sustainability, starting from supply chain and production. In this way, the Company reduces its environmental impact and creates benefits through high efficiency in business processes. The Company has been leading the business world with its climate change combat program and responsible and ethical work on the use of natural resources since 2005.

The Company undertakes significant efforts to minimize the impact of its manufacturing processes on natural resources and climate change in accordance with its understanding of environmental sustainability. Setting off from this point and acting with a high level of responsibility, the Company monitors its environmental performance periodically and undertakes improvements in conjunction with environmental management systems.

Brisa certified the conformance of its works with the standards for the first time in 1995 with the BS7750 Environmental Management System standard. The benchmarking, reviewing, improving, and training practices set-up according to the ISO 14001 Environmental Management System certificate for the Izmit Plant is regularly reviewed and revised.

The ISO 14001 Environmental Management Systems certification of the Aksaray Plant was also completed in 2020.

Relying on the support of senior management, Brisa is generating new projects for a better world, complying with environmental regulations in full, and carrying out improvements that go well beyond legal requirements.

The Company is honoured to be the first company to be reporting and verifying its pioneering projects in terms of water saving and reporting Bridgestone Global and Europe within the scope of ISO 14046 Water Footprint Standard.

Brisa is preserving its "Zero Landfill" status at the Izmit Plant since 2016 by continuing to send its domestic waste resulting from operational processes to recycling facilities. As of the sixth month, this target has also been achieved for the Aksaray Plant, which started operating in 2018. In this context, no waste is sent from the plant to waste storage areas, and the resulting waste is reused, recycled and recovered. Following these systemic studies, the Company was awarded the zero waste certificate for the Izmit Plant in 2020 and the Aksaray Plant in 2021.

The Company has also included its suppliers and dealers in its sustainability journey. Within the framework of the Company's responsible purchasing policy, suppliers are encouraged to localize raw material supply and make the necessary improvements for a more environmentally friendly supply through the Supplier Performance Rating Programs. The Green Dealer Program, which was launched as a pilot program in 2022, supports both dealers to initiate sustainable practices in stores and newly opened dealers to design their stores with sustainable practices.

With all these efforts, Brisa obtained successive achievements in 2023.

Becoming a part of the solution in the fight against global climate change, the Company was included in the Global A List in the Climate Change and Water Security categories of the international environmental reporting platform Carbon Disclosure Project (CDP) 2023 and was the only company in the world tyre industry to be included in the Global A list in two categories. While only five companies reporting from Türkiye made it to the Global A list in both categories, Brisa was the only industrial company among them.

Brisa won the Gold Medal in EcoVadis, a reliable international rating program that is focused on the value chain.

As a result of the evaluation made by the London Stock Exchange (LSEG) company Refinitiv, the Company once again entered the Best Grade (excellent) category based on the outcome of the evaluation of its Environmental, Social and Governance (ESG) performance.

Brisa has also been included in the BIST Sustainability Index since 2015.

Environmental Practices

Efficient use of natural sources and less waste

Brisa takes into account the environmental impact that will occur after the use and consumption of the products as early as the design stage, and pays attention to use raw materials that will not pose pollution and health risks.

The Company aims to reduce the total amount of waste through continuous control of possible pollution sources in the production process and waste management studies. While carrying out its operations, the Company primarily aims to prevent generation of waste at its source. Development efforts are going on to ensure subsequent reuse, recovery or recycling of the resulting waste in the processes. Elements like dust and gas that might result from production processes and negatively affect internal air quality are collected and recovered at the source and put back into use in the system. Thus, while indoor air quality is protected, natural resources are also managed effectively. Significant work is being carried out to minimize waste.

Since 2015, when the "Zero Landfill" practice was implemented in the Izmit Plant, no waste has been sent from the plant to waste storage areas. 100% of the waste is recycled by reusing, recycling and recovering the solid waste generated in the plants.

In the recycling unit installed in the plant, pulp and metal are separated and brought into the economy through recycling companies to be reused as raw materials in different sectors.

The polyethylene material used as an auxiliary material in production has been recycled many times since 2008, thus preventing the generation of 300 tons of polyethylene waste in a year.

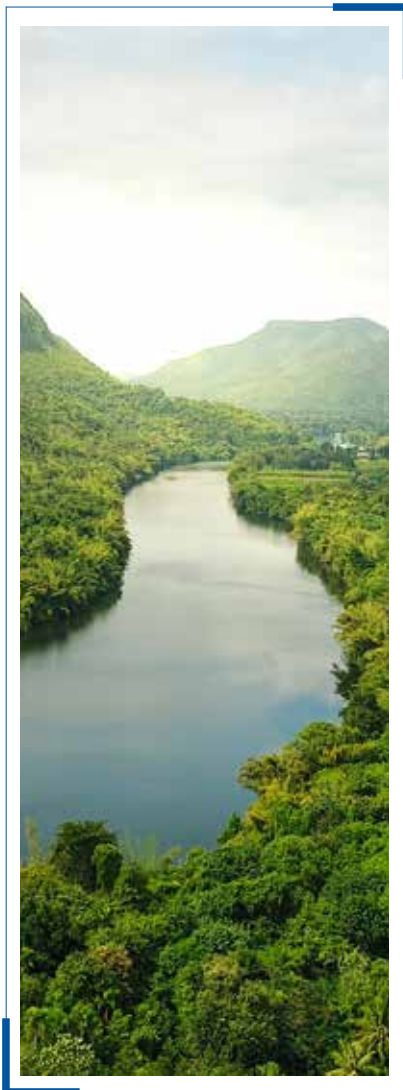
At the Izmit Plant, boiler chemicals supplied in plastic packaging began to be procured within reusable containers, preventing unnecessary use of plastic. In addition, the use of stretch film is prevented by switching to metal cases as containers for raw materials instead of raw material packaging with stretch film from abroad.



ENVIRONMENT

Greenhouse gas emission reduction

As of the year-end 2023, Scope 1 and Scope 2 absolute greenhouse gas emissions have been reduced by 30.5% at Izmit Plant and by 32.39% at Aksaray Plant, compared to the 2020 reference year.



The use of single-use plastic in Brisa offices and cafeterias has been eliminated. The Company supported the Business World Plastic Initiative, which was founded with the leaderships of Turkish Industry & Business Association (TÜSİAD), Global Compact Türkiye and WWF, and has committed to reduce its plastic use by 110 tons and reached a reduction of 127.5 tons of plastic in 2021 against the target of 110 tons. With the plastic recovery unit, which was commissioned in September 2022, the Company aims to recover 850 tons of plastic waste annually and achieve the "Zero Plastic" waste target.

Projects are also being carried out to reduce waste generation and unnecessary resource consumption in the offices with the Green Office teams.

Water Stewardship

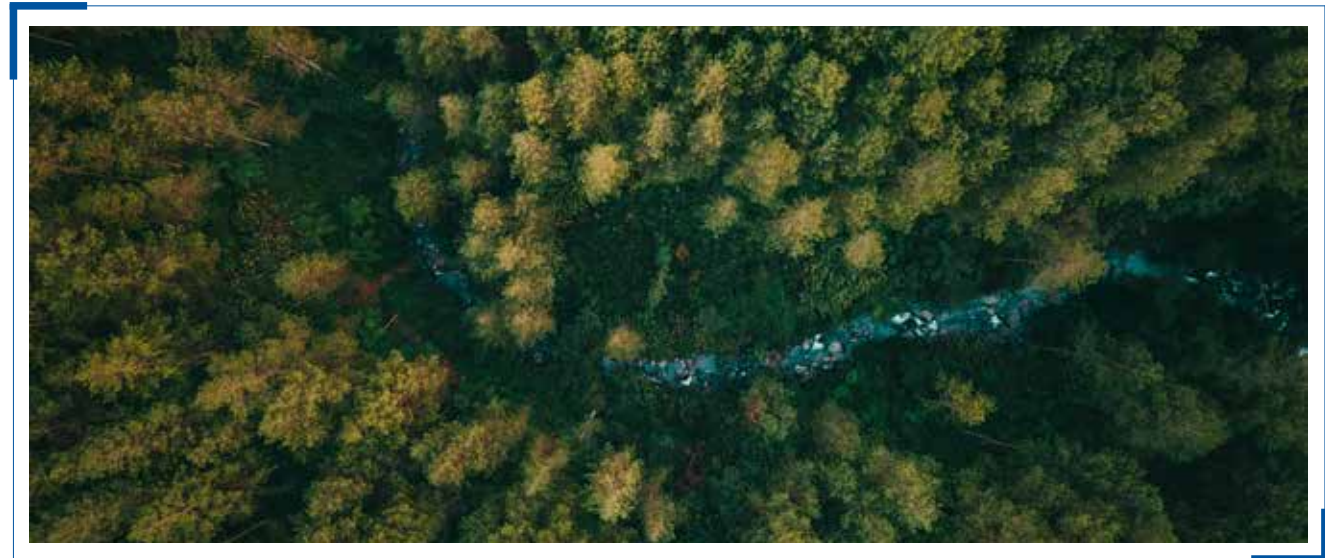
Brisa is one of the 12 Turkish signatories of the CEO Water Mandate, an initiative of the United Nations Global Compact (UNGC). The Company is committed to follow sustainable water policies and practices.

The Company has set long-term business plans in line with its environmental approach of effective use of water resources, which are forecasted to be declining

in the years ahead. Targets have been set to reduce the amount of water drawn from wells by 75% in 2025 compared to 2008 levels in the Izmit Plant, and by 70% in 2030 compared to 2019 levels in the Aksaray Plant. Thanks to activities being carried out since 2008, well water consumption in the Izmit Plant has been reduced by 79% in 2023 compared to 2008.

There is a "Rainwater Collection Pond" with water collection capacity of 9,500 m³ in the Izmit Plant and 14 thousand m³ in the Aksaray Plant. The collected rainwater is sent by pipelines to the new process treatment plant in Izmit and put into use following the necessary treatments. The pond collects rain water from the Izmit Plant's roof area of approximately 200 thousand m². The pond, which is estimated to collect 50 m³ of water in a year, will reduce Brisa's well water consumption by 10% per year.

In line with sustainability goals, MBR membrane filter technology has been started to be used to recover the waste generated by the well water filtration system. The waste of the filtration system is recovered with 95% efficiency as a result of this project and re-directed to the water cycle.



Energy and Carbon Management

Brisa always prioritizes efficient use of energy, eliminating any waste energy or inefficient use. The Company has achieved remarkable results through a systematic set of improvement projects designed to ensure efficiency in energy consumption and minimize its impact on climate change. Both plants of the Company have energy management systems in place that are certified with ISO 50001. The Company conducts its systematic operations in accordance with Energy Management principles.

The emission reduction targets have been approved by the global Science Based Targets Initiative. In order to transition to a low carbon economy as part of the combat against climate change, the Company aims to achieve 56% reduction in its direct emissions by 2030 compared to 2020 and to become net zero by 2050.

Efforts to reduce carbon emissions at the Izmit Plant have been continuing since 2005. As of the year-end 2023, Scope 1 and Scope 2 absolute greenhouse gas emissions have been reduced by 30.5% at Izmit Plant and by 32.39% at Aksaray Plant, compared to the 2020 reference year.

In order to reduce the emissions resulting from logistic operations, the Company prioritizes maritime transport, which has less environmental impact, and also plans its routes in a manner, which helps further reduce emissions.

With the smart heating control system developed at Izmit Plant, the temperature in the raw material and production areas are monitored to automatically keep it at the optimum level. The system, which is capable of communicating data from an area of 80 thousand m², prevents 139 tons of CO₂ emissions.

A 3.5-MW solar energy plant was built at the Aksaray Plant. With over 10,400 solar panels, the Company obtains one-fifth of its energy need from renewable energy sources. The solar power plant, which is capable of powering approximately 2,044 households, helps avoid 3,075 tons of CO₂ emissions in a year.

Brisa Academy and Museum, which was built as a smart building and is LEED (The Leadership in Energy and Environmental Design) Gold certified, can produce 20-25% of its energy needs in-house. The amount of energy produced from renewable resources is monitored with an Energy Scada system.

Solar-powered totems have begun to be used at the Bridgestone Performance Centre in Izmir, which was designed according to the Premium store concept. The Company also aims to reduce its carbon footprint resulting from dealer and service processes by expanding use of this solution.

Environmentally friendly products and contribution to circular economy

Brisa puts in a lot of effort to develop environmentally friendly products and services by taking into account their environment impact both during and after use. The Company is working on new concept products, which have a lower rolling resistance, weigh less and cause lower carbon emissions and noise. Brisa has a rich portfolio of products consisting of environmentally friendly tyres like the Ecopia and Greenways series.

The Company is reviewing its performance toward the strategy of "improving environmentally friendly products portfolio to enable continuous mobility." To do so, it utilizes parameters such as "weighted mean rolling resistance of the products sold" and "ratio of environmentally friendly products in the portfolio" and continuously develops projects to achieve better results over these parameters.

ENVIRONMENT

Contribution to the circular economy

Brisa is applying production models that support circular economy to contribute to natural resources management.



The new inner liner, tread, and side wall compounds, which were developed as part of the transition to environmentally friendly tyre compounds with lower rolling resistance, enable significant fuel savings with truck and bus tyres.

Brisa is assuming important responsibilities in order to contribute to circular economy as one of the leading actors of the tyre industry. The use of high amounts of fossil fuels during its production makes tyres one of the most basic waste producing products. In that manner, Brisa is adopting a sustainable recycling management style.

First of all, the Company is applying production models that support circular economy to contribute to natural resources management. In that manner, both the waste that is generated while tyres are being produced and the waste that is generated once tyres complete their life cycle are being turned into fuel and energy. As a founding member of the Tyre Industrialists Association (LASDER), Brisa assists the association with the collection and recycling of tyres that have completed their life cycle in accordance with applicable regulations, thus supporting both the environment and the economy.

Brisa contributes to the preservation of natural resources and to national economy on a great scale with the use of good quality materials and right production conditions while providing savings of up to 40% for the costs of fleets with tyre retreading services offered through Bandag brand in line with circular economy. Thanks to retreading and reuse, the life of tyres is tripled and contributes to environmental protection with less tyre waste.

A certain proportion of the packaging of the products put on the market is collected and recycled through Çevko Foundation in accordance with the Packaging Waste Control Regulation.

Respect for biodiversity

Brisa is continuing the “Turnalar Hep Uçsun” (Let the Cranes Fly Forever) project started in 2013 with the partnership of WWF Türkiye (Worldwide Fund for Nature).

Approximately 1,000 kg of organic waste generated in the food halls every day is turned into 200 kg of fertilizer by composting. As a result of the process, 300 tons of organic waste is turned into 60 tons of fertilizer on an annual basis. Derived fertilizer is used in foresting projects in order to improve the organic

composition of the soil. Brisa has been donating 18 thousand saplings to the Tema Foundation every year since 2021 in order to prevent the damage caused by forest fires and contribute to forestation efforts.

Brisa employees contribute to preservation of the environment with office projects

With the “Green Office” program that started in 2014 and is run by Brisa employees, the Company continues its efforts to ensure efficient use of resources and promote awareness. Within the

scope of the Green Office program carried out by WWF Türkiye, both Izmit and Altunizade offices received the Green Office Diploma with the work carried out with the support of the Green Office team.

An e-waste bin is placed at Altunizade Office in order to collect and recycle defective and/or unused electronic devices. The income obtained from the collected e-waste is donated to BMÖDD (Brisa Employees Education Support Association) and is used to provide scholarship to students.



CORPORATE SOCIAL RESPONSIBILITY

Mobilized to contribute to society

44 containers and 45 tents were delivered to the earthquake region to help meet sheltering needs.



Brisa believes in the importance of social development and welfare. With this belief, many valuable projects have been developed for many years to date.

As a manufacturer and a company with 50 years of history, Brisa has realized many social contribution projects to date. Contributing to driving safety in traffic is seen as the most important responsibility especially as it is associated with the Company's products. It is also one of the Company's priorities to reach every cluster of the society with a wide range of subjects from education to culture and from sports to sharing of accumulated experiences besides its manufacturing and products in order to add value in many different fields.

Brisa has been on the field with its resources since the first day of the earthquake

Brisa mobilized all its resources to heal the wounds of the people in the earthquake-stricken region following the Kahramanmaraş earthquake that occurred on February 6. The activities focused especially on identifying the priority needs of the region at the first stage and then supporting re-development in the field of education, which is the greatest need.

Brisa Volunteers went out to the field from the first day after the earthquake and worked with all their strength to heal the wounds. In coordination with public institutions and organizations, support was provided to the region in the fields of energy, bank financing, search and rescue, shelter, food and basic needs.

Under the coordination of authorized institutions, action was taken to deliver aid to the earthquake region, with priority given to the health and safety of employees and dealers. 13 Brisa employees supported the search and rescue efforts in the earthquake-affected region. 44 containers and 45 tents were delivered to the region to help meet sheltering needs. Both Company resources and volunteer dealers and employees provided assistance in areas such as heating, food, hygiene and basic needs.



Mobilfix, Mobile Truck Maintenance service, followed the intensive work of heavy vehicles carrying aid and support packages to the disaster area and provided support with mechanical services as well as tyre services for the vehicles. 18 mobile service vehicles were positioned in the region, providing service to vehicles delivering aid, and tyre support was also provided to ambulances. One-on-one support was also provided to ensure business continuity for dealers in the region. Special financial payment packages were put into effect, and in order to ensure on-site service continuity for dealers whose stores were unable to operate, Lassabox, which serves more than 20 passenger vehicles, and Probox container stores, which serve commercial vehicles, were produced and delivered to the region.

Contribution to the re-development of the earthquake region through education

Brisa was involved in the project implemented by the Sabancı Foundation within the scope of its "3 Schools in 3 Months to Hatay" promise to bring children and teachers together within the school environment and to continue education where it left off. Sabancı Lassa Secondary School, made of structural steel, whose construction was completed in record time with the contributions of Bridgestone, one of Brisa's shareholders, was brought to Hatay on May 19, Commemoration of Atatürk, Youth and Sports Day, together with volunteer employees and students.

Sabancı Hatay Incubation Centre
One of the projects that will lead the local development of the

earthquake region within the scope of the Sabancı Republic Mobilisation is the Sabancı Hatay Incubation Centre. Sabancı Hatay Incubation Centre was completed and opened in less than three months on the 100th anniversary of our Republic, in cooperation with Habitat Association and with the contributions of Kordsa, Teknosa and Temsa, Sabancı Group companies. The Sabancı Hatay Incubation Centre inaugurated in Hatay, a city described by the Great Leader Mustafa Kemal Atatürk as "my personal matter," aims to prevent migration from the region, reintegrate young people and women into economic and social life, and create new job opportunities in the region.

Project Steps

The launch event, which took place within the scope of the project on October 25, 2023, was attended by Cenk Alper, Sabancı Holding CEO, together with Sabancı Holding Executive Committee. Entrepreneurs, prospective entrepreneurs and local people who lost their businesses in Hatay came together in the Speed Networking activity, receiving mentoring support from the senior management and employees of Sabancı companies. The event, attended by a total of 68 entrepreneurs, presented the opportunity to establish business connections.

A total of 10 trainings were provided, including Basic Entrepreneurship training for entrepreneurs, entrepreneur candidates and young people, and the Digital Marketing and Financial Risk Management training for women and women's cooperatives, reaching 1,019 people in Hatay and Adana. While prospective entrepreneurs who receive Basic Entrepreneurship training improved their skills in impact design, value creation, design-oriented thinking, sustainability and career planning, they also learned the basics of digital marketing, digital brand management, financial literacy, e-commerce and e-export with Digital Marketing and Financial Management training.

CORPORATE SOCIAL RESPONSIBILITY

The Entrepreneurship Marathon was held

The Entrepreneurship Marathon, organized for the entrepreneurs, prospective entrepreneurs, university students and young people living in Hatay and Adana, was held at Sabancı Hatay Incubation Centre.



The Entrepreneurship Marathon, organized for the entrepreneurs, prospective entrepreneurs, university students and young people living in Hatay and Adana, was held at Sabancı Hatay Incubation Centre. Nearly of 150 people applied for the marathon, whose theme was "Technological Solutions to Post-Disaster Local Problems." Marathon participants received training from expert mentors and developed different projects in 23 teams as a result of a 48-hour marathon. Guideverse, a project that aims to create safe roads for visually impaired individuals; Keep Hatay Alive (Hatay'ı

Yaşat), a mobile application that aims to announce new locations of tradesmen participating in the economy in Hatay; Circular Trade, a project that aims to recycle plastic waste in the disaster-stricken region; Makarnaapp, an application that enables management of financial expenses of student houses; Koza, a project that designs a system for rapid evacuation from homes during an earthquake were found eligible to participate in the acceleration program, i.e. the second phase of the program.

During the Demo Day held on Facebook Station on December 27,

2023, three teams with successful ideas were awarded a total of TL 120 thousand. This event brings together entrepreneurs, prospective entrepreneurs, university students and young people in the Hatay and Adana Regions after the earthquake, and encourages regional and local development after the earthquake, enabling the emergence of new business ideas, developing the skills to present them and provides the necessary skills and guidance to commercialize business ideas and be successful in the market. After the Demo Day, conditions such as eligibility, commercial focus area, social benefit, business model, the potential to contribute to the region were evaluated. As a result of the evaluations of the jury members, the Keep Hatay Alive (Hatay'ı Yaşat) application came first, the Makarnaapp application came second and the Koza application came third.

Brisa also supported the program called "Youth Employment Mobilization #WeAreWithYou," which was initiated by Youthhall to contribute to employment of young people from the earthquake-stricken region. Two individuals from the earthquake region were hired as Mold and Maintenance Engineers at the Aksaray Plant, and one long-term intern started their internship at the Aksaray Plant.

In order to support the dealers in the earthquake region, training programs were organized for four days, including two days of training in Hatay and two days of training in Gaziantep. During the trainings, families and children of Brisa dealers were brought together and Brisa culture and Brisa customer approaches were conveyed to young prospect dealers.

On March 8, International Women's Day, a donation was made to the Darüşşafaka Earthquake Scholarship Fund on behalf of all female employees of Brisa. The donation supported the creation of a qualified education environment under the umbrella of Darüşşafaka.

Brisa's primary responsibility: Driving safety

In 2023, a new awareness campaign was launched under the Lassa

brand, in which drivers are invited to add value to society and ensure the safety of pedestrians. The campaign aimed to raise awareness about the importance of using pedestrian crossings and complying with traffic rules, and vehicle owners were invited to stop at pedestrian crossings.

Supporting young people and the environment with volunteers

Brisa Goodness Codes platform, which was implemented in cooperation with the "İyilik Kazansın" Social Initiative, continued its activities in 2023. Brisa employees earned Brisa goodness codes after each Tracers project produced and shared. 2% of the total of every shopping activity completed using Brisa goodness codes turned into goodness for children as donations to the Koruncuk Foundation.

Brisa volunteers took part in the 18th Istanbul Half Marathon this year, organized by Spor Istanbul with more than 12 thousand participants from 60 countries. Brisa employees, who collected donations by choosing the non-governmental organizations they wanted to support, took their steps for charity. At the same time, 90 Brisa volunteers ran in the Istanbul Marathon to collect donations for NGOs aiming to support the people affected by the earthquake.

Within the scope of the "Make a Promise for the Future" event organized by Sabancı University, support was provided to university students affected by the earthquake together with dealers and suppliers. At the event held on September 9, Brisa CEO Haluk Kürkçü was presented with a plaque for all donations made on behalf of Brisa, Brisa dealers and suppliers.



CORPORATE SOCIAL RESPONSIBILITY

Contribution to society projects

Brisa Academy provided 6 thousand man-hours of training support to 1,421 people in 2023, with internal resources alone, under the umbrella of "Contribution to Society."



Brisa planted 500 saplings in the garden of the Aksaray Plant with the participation of its employees and their families on October 29, Republic Day.

Contribution to society through academy and training activities
Brisa Academy, i.e. Brisa's online training and learning platform, continued its programs to empower female employees in dealers' stores, its collaborations with educational NGOs, and its collaborations with schools in the local operation areas.

In addition to these efforts, many important successes have been achieved in national and international platforms with Brisa Academy's "Social Contribution Projects." Brisa Academy, which aims to be more than an academy in terms of content, diversity and approach, and to evolve into a corporate university, provided 6 thousand man-hours of training support to 1,421 people in 2023, with internal resources alone, under

the umbrella of "Contribution to Society." Brisa Academy, which will continue to prioritize "Social Contribution" projects:

- Within the scope of School-Industry cooperation, contributes to the training of qualified technical personnel needed by our country and the sector.
- Provides training support specifically related to tyres and electric vehicles to both students and teachers in laboratories established in some collaborating vocational high schools.
- Presents scholarship opportunities to successful students by donating a significant portion of its revenue to the "Brisa Employees Education Support Association."
- Enables university students to gain the knowledge and skills they will need in daily and professional life through free online and classroom training.
- Supports new initiatives with free training.
- Provides indirect support to convicts of minor crimes in open prisons, enabling them to acquire a profession and integrate into society.

The activities of Brisa Employees Education Support Association (BMÖDD), which was established to support students in need of help to proceed with their education, is being continued with the voluntary participation of employees.

In 2023, Brisa continued to support Sabancı Foundation's "Young Women Building Their Future" project geared towards NEET (Not in Education, Employment or Training) women between the ages 18-29 by preparing three different education sets. The trainings taking place on the Opportunities Map, which can be accessed at the www.geleceginikurangenckadinlar.org address, include many topics ranging from artificial intelligence to big data, and digital efficiency to creative thinking.

Contribution to Sports

Since its establishment, Brisa has acted with awareness of its social responsibilities, contributed to the development of sports and athletes, and has implemented many collaborations with both teams and individual athletes in many different branches of sports with the Lassa brand. Collaborating with Darüşşafaka with the mutual motto of "Strong (Sağlam)," the Company became the title sponsor of the Darüşşafaka Basketball Team in the 2022-23 and 2023-24 seasons. Darüşşafaka is both an important school in the basketball branch and the symbol of equal opportunity in sports with the athletes it trains.

The Company also contributes to the popularization of the sport with the Lassa cycling team within Brisaspor.



BOARD OF DIRECTORS' ANNUAL REPORT

Board of Directors' Annual Report for the Period of January 1 - December 31, 2023

1. General Information

Trade Name	Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.
Trade Registry Office	Istanbul
Trade Registry Number	126429-0
Central Registration System Number	0187002389400013
Tax Authority	Büyük Mükellefler
Tax Number	1870023894
Head Office Address	Küçük Çamlıca Mah. Şehit İsmail Moray Sk. Temsa Sitesi No: 2/1 Altunizade/Üsküdar-Istanbul
Izmit Plant	Alikahya Fatih Mah. Sanayi Cad. No: 98 Izmit-Kocaeli
Aksaray Plant	Erenler OSB Mah. Recep Tayyip Erdoğan Blv. No: 21/1 Taşpınar Merkez-Aksaray
Arvento Mobil Sistemler A.Ş. (Head Office)	ODTÜ Teknokent ICT Innovation & Experience Centre Mustafa Kemal Mah. Dumlupınar Blv. 280/G Kat: 5 No: 514 Çankaya-Ankara
Website	www.brisa.com.tr

a) Area of Activity

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa") was established in 1974 as Lassa Lastik Sanayi ve Ticaret A.Ş. and the name of the Company was changed to Brisa in 1988 as a result of a joint venture agreement with Bridgestone Corporation.

The Company's main field of activity covers the acquisition and production of all types of inner and outer tyres, shoe products, resins, natural and artificial rubber parts including rubber belts and chemical materials, rubber replacement materials, materials bearing rubber qualities or used for the same purposes, and materials partially or wholly made of rubber; performance and provision of wheel coating works and services, and rendering trading and services related with any kind of other products, spare parts, and accessories related to automotive industry.

Within the scope of mobility transformation, having acquired all shares representing 88.89% of the capital of Arvento Mobil Sistemler A.Ş. on March 1, 2022, Brisa integrated its strong portfolio of tyres and service network with the Arvento fleet management platform, providing convenience, efficiency and productivity to its customers with fleet management services based on integrated mobile systems and data analytics.

b) Explanations on Privileged Shares and the Voting Rights of Shares

The shares representing the capital are divided into seven classes: (A), (B), (C), (D), (E), (F) and (G). The holders of (A), (B), (C), (D), (E), (F) and (G) class shares are not granted with any rights and privileges other than those set forth in Articles 10 (Board of Directors), 12 (Term of Office for the Members of the Board of Directors), 13 (Meetings and Resolutions of the Board of Directors), 17 (General Assembly) and 31 (Limited Transfer of the Registered Shares) of the Articles of Association.

Pursuant to Article 21 of the Articles of Association, shareholders use their voting rights at the General Assembly in proportion with the total nominal value of their shares as per the Article 434 of the Turkish Commercial Code. There are no privileges regarding voting rights.

c) Board of Directors and Executive Board (Senior Managers)

The Board of Directors of Brisa consists of 11 members, two of whom are independent, in accordance with the capital market legislation and the provisions of the Articles of Association. As stated in Article 10 of the Articles of Association, the Board of Directors is elected by the General Assembly from among the candidate or candidates nominated by the majority of the shareholders of each class, consisting of one member for (Class A), three members for (Class B), one member for (Class C), one member for (Class D), one member for (Class E), one member for (Class F), and one member for (Class G), plus two independent members.

As stated in Article 12 of the Articles of Association, the term of office of the members of the Board of Directors is maximum three years and the member whose term expires may be re-elected. In case of a vacancy in any membership, the Board of Directors elects a new member for such vacant membership and presents this appointment for approval in the next meeting of the General Assembly.

Pursuant to Article 13 of the Articles of Association, the Board of Directors shall, every year, elect a Chairperson among the members proposed by the shareholders of Class (B) or (G) Shares and a Vice-Chairperson among the members proposed by the shareholders of Class (A), (D), (E) or (F) Shares. The Chairperson and Vice-Chairperson may be re-elected for one or more terms of office.

Board of Directors:

- **Ahmed Cevdet Alemdar** – Chairperson
- **Tomio Fukuzumi** – Vice-Chairperson
- **Mustafa Bayraktar** – Member
- **Haluk Dinçer** – Member
- **Frederic Jean Hubert Cecile Hendrickx** – Member
- **Mete Ekin** – Member
- **Daniel Jean Pierre Giroud** – Member (*)
- **Haluk Kürkçü** – Member and CEO
- **Sakine Şebnem Önder** – Member
- **Mehmet Tanju Ula** – Member (Independent)
- **Ahmet Erdem** – Member (Independent) (**)

(*) Jerome Freddy Pierre Boulet took office as of January 1, 2024.

(**) Following Mehmet Kahya's resignation, he took office as of April 1, 2023.

At the 2020 Ordinary General Assembly meeting held on March 26, 2021, Brisa Board Members were elected for a term of 3 years to serve until the 2023 Ordinary General Assembly meeting to be held in 2024. At the Ordinary General Assembly Meeting of 2022 held on March 27, 2023, among the Members of the Board of Directors elected at the 2020 meeting, it was decided to elect Sakine Şebnem Önder with the Board of Directors' resolution on September 20, 2022 in place of Emine Duygu Kirca and Tomio Fukuzumi with the Board of Directors' resolution on December 20, 2022 in place of Naohisa Yoda, to serve for as long as the left time of their predecessors.

The senior management of the Company is elected and appointed by the Board of Directors as per the provisions of the Articles of Association.

Executive Board (In alphabetical order except for CEO and Executive Coordinator):

- **Haluk Kürkçü** – CEO
- **Tomio Fukuzumi** – Executive Coordinator
- **Çenk Koçdor** – Chief Sales Officer
- **Evren Güzel** – Chief Commercial Officer, Marketing & International Markets
- **Neslihan Döngel Özlem** – Chief Financial Officer
- **Tetsuya Tsutsumi** – Chief Technical Officer
- **Tuğba Gök Nam** – Chief Human Resources Officer
- **Yakup Demir** – Chief Commercial Officer, Supply Chain & OE

BOARD OF DIRECTORS' ANNUAL REPORT

As of December 31, 2023, the number of personnel working with an indefinite term employment contract is 3,712 people (December 31, 2022: 3,429). Of these employees, 2,786 are subject to the provisions of the Collective Labor Agreement (December 31, 2022: 2,590) and 906 are outside the Collective Labor Agreement (December 31, 2022: 820). The Company has 20 foreign employees (December 31, 2022: 19). In addition, there are 6 employees working under fixed-term employment contracts (December 31, 2022: 2).

2. Financial Rights Granted to Members of the Governing Body and Senior Managers

The Company's senior management team comprises the Members of the Board of Directors and the Executive Board. Remunerations to be paid to the Board Members are determined under relevant resolutions of the General Assembly. Remunerations of the Members of the Executive Board are comprised of two components, with one being fixed and the other performance-based.

At the 2022 Ordinary General Assembly meeting held on March 27, 2023, it was decided to pay a monthly gross remuneration of TL 60,000 to each of the Board Members for 2023 until the end of their term of office.

In compliance with international standards and statutory obligations, the fixed remunerations for the Members of the Executive Board are determined by taking into consideration the macroeconomic data in the market, current wage policies in the market, the size and long-term goals of the Company, and individual positions as well. Premia for Executive Board Members are calculated in accordance with the performance of both the Company and individuals.

Benefits provided to senior executives consist of salaries, severance pay, premiums, private pension, health insurance, life insurance, rent paid to foreign personnel, expenses of moving abroad, passenger car rentals, other expenses such as fuel, mobile phones, etc. and other provisions.

The breakdown of benefits* provided to the senior executives of the Company for the accounting periods ending December 31, 2023 and 2022 is as follows:

(TL)	December 31, 2023	December 31, 2022
Salaries and other short-term benefits	178,523,247	87,687,236
Severance pay	834,950	1,531,616
Other long-term benefits	2,592,073	1,635,683
Total	181,950,270	90,854,535

* Adjusted for inflation accounting.

3. Operations and Important Developments Related to Operations

a) Articles of Association Amendment

The application made in February to the Capital Markets Board and the Ministry of Trade to increase the registered capital ceiling from TL 400 million to TL 750 million and to update the expiry date to December 31, 2027 was approved and the draft amendment to Article 6 of the Articles of Association titled "Capital" was submitted to the approval of the shareholders at the Ordinary General Assembly meeting of 2022 held on March 27, 2023 and was approved. The amendment was registered on April 5, 2023 and published in the Turkish Trade Registry Gazette on the same date and numbered 10805. The updated Articles of Association were disclosed to the public on the Company's website and the Public Disclosure Platform.

b) Independent Audit

At the 2022 Ordinary General Assembly Meeting dated March 27, 2023, shareholders approved the appointment of KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to audit financial reports pertaining to the 2023 accounting period and carry out other activities within the scope of relevant legal provisions in compliance with principles according to Turkish Commercial Code No. 6102 and Capital Market Law No. 6362. The relevant General Assembly resolution was registered on April 5, 2023 and published in the Turkish Trade Registry Gazette on the same date and numbered 10805.

c) Important Developments in the Reporting Period

In March, the investment incentive certificate application made to the Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment for the planned expansion investments at Aksaray Plant was approved. A three-year investment incentive certificate dated March 30, 2023 with document number 551117 and document ID number 1056294 was issued on behalf of the Company for the expansion investment of TL 935 million with a start date of December 27, 2022. The certificate has an investment contribution rate of 40% and a tax deduction rate of 80%.

The credit rating process conducted by JCR Eurasia Rating A.Ş. was completed in May and Brisa's ratings were determined as following; long term national corporate credit rating of "AAA (tr)" long term international corporate credit rating of "BBB+", and short term national corporate credit rating of "J1+ (tr)", all at "investment grade." The outlook of the ratings was determined as "stable."

In May, the IoT-based Smart Plant Heating Control System Project, which provides equal heat distribution in all parts of the production area at the Izmit Plant, was selected as the project of the year in the sustainability category at the IDC Awards.

In June, Brisa maintained its leadership in the industry according to the "Turkey 100 - Turkey's Most Valuable Brands" survey conducted for the 17th time by Brand Finance, an international brand valuation organization.

In August, an additional investment of USD 34 million has been planned at the Aksaray Plant, which was established with new generation technologies with an investment of USD 300 million in 2018. In 2026, the target is to reach an annual production capacity of 4.6 million tyres. The capacity planned for the first phase of the Aksaray Plant is planned to be reached in 2024.

In September, a loan agreement was signed with the European Bank for Reconstruction and Development (EBRD) in the amount of USD 100 million or equivalent of Euro or Turkish lira with a 6-year maturity and a 2-year principal repayment grace period. The loan is to be used to finance a new capital expenditure program for the period 2023-2025. This program includes capacity expansion through acquisition of new machinery and equipment at the Aksaray Plant, and modernization and improvement investments to increase the production of fuel-saving and low-carbon emission products at the Izmit Plant. This investment plan, which also has significant sustainability benefits, will support the achievement of the Company's sustainability goals through the reduction in net greenhouse gas emissions through Scope 3.

Prioritizing sustainability in its 2030 vision, Brisa was included in the Global A List in the Climate Change and Water Security categories of the Carbon Disclosure Project (CDP) 2023. Brisa, the only company in the global tyre industry included in the Global A List in two categories, was one of the five companies from Türkiye included in the list. Among these five companies, Brisa is the only industrial company.

d) Issued Shares and Bonds

Based on the authorization given in Article 9 of the Articles of Association, on October 5, 2022, Brisa Board of Directors decided to issue financing bonds and/or bills to be sold to qualified investors without a public offering in an amount not exceeding TL 2.5 billion, to be realized in one or more times in line with the needs, and to determine the maturities of the financing bills and/or bonds to be issued with different maturities not exceeding 5 years. Accordingly, the debt instrument issuance limit application made to the Capital Markets Board was approved by the Board's decision dated January 12, 2023 and numbered 2/28.

Details of the 2023 bond issues and the coupon payments as of December 31, 2023 are as follows:

ISIN Code	Issue Amount (TL)	Date of Issue	Maturity Date	Maturity (Days)	Number of Coupons	Number of Coupons Paid
TRSBRSA32410	500,000,000	10.02.2023	08.03.2024	392	1	-
TRSBRSA32428	500,000,000	17.02.2023	27.03.2024	404	1	-
TRSBRSA42419	500,000,000	17.02.2023	16.04.2024	424	1	-
TRSBRSA32519	1,000,000,000	08.03.2023	04.03.2025	727	8	3
Total	2,500,000,000					

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A total of TL 2.1 billion worth of sukuk was issued in 2023 as well.

In December, the application made to the Capital Markets Board for the issuance of debt instruments in Turkish Lira with different maturities within one year to be sold to qualified investors without public offering in Türkiye was approved by the Board's decision dated December 21, 2023 and numbered 80/1733 with an issue ceiling of TL 5 billion.

e) Information on Own Shares Repurchased by the Company

During the January 1 - December 31, 2023 accounting period, the Company did not repurchase any of its own shares.

f) Information on Private and Public Audits

Independent audits are carried out on the Company's annual and semi-annual financial statements within the framework of the mandatory regulations issued by the Capital Markets Board with respect to financial reporting and independent audits. In 2023, there was no private or public audit conducted of the Company.

g) Information on Amendments to Legislation, which May Significantly Affect the Activities of the Corporation

In 2023, there were no amendments to legislation, which may significantly affect the activities of the Company.

h) Information on Lawsuits Filed Against the Company and Their Possible Outcomes That May Affect the Financial Status and Activities of the Company

In 2023, there was no case that has been filed against the Company and may have an impact on the Company's financial situation and activities.

i) Information on Conflicts of Interest between the Corporation and Institutions that it Receives Services on Matters such as Investment Advice and Rating

The utmost care is taken to avoid any situation that may lead to a conflict of interest between the Company and the institutions that provide services such as investment consultancy and rating, and the provisions of the relevant legislation are complied with in the procurement of services in these matters. In 2023, there was no conflict of interest in this regard.

j) Information on Administrative or Judicial Sanctions Imposed on the Company and the Board Members due to Practices in Violation of Legislative Provisions

There is no administrative or judicial sanction imposed on the Company and the Board Members.

k) Information on General Assembly Decisions

Brisa 2022 Ordinary General Assembly Meeting was held on March 27, 2023. Shareholders representing 88.9% of the shares constituting the capital attended the General Assembly meeting. All disclosures required to be made in accordance with corporate governance principles regarding the General Assembly meeting were made on time and duly. The result of the General Assembly meeting was registered on April 5, 2023 and became legally valid.

l) Information on the Extraordinary General Assembly

No Extraordinary General Assembly meeting was held throughout the year.

m) Information on Donations Made During the Year

Brisa made donations amounting to TL 11 million in the accounting period January 1 - December 31, 2023. This amount is within the 5% commercial profit limit decided at the 2022 Ordinary General Assembly meeting held on March 27, 2023.

n) Information on the Report Describing the Relationships with Controlling Shareholders and Subsidiaries within the Scope of Article 199 of the Turkish Commercial Code

The report describing the relationships with controlling shareholders and subsidiaries within the scope of Article 199 of the Turkish Commercial Code was approved by the Company's Board of Directors at the Board of Directors' meeting dated March 18, 2024. The report concludes as follows:

"The conditions of merchandise of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş., which are common and continuous as regards Hacı Ömer Sabancı Holding A.Ş., Bridgestone Corporation and affiliated companies as well as related companies, price determination method and reasons are explained and information is given on the status of the transactions against the market conditions, based on the Article No: 199 of Turkish Commercial Code No: 6102. The transactions carried out comply with its comparables in accordance with the holding company explanations in the relevant articles of Turkish Commercial Code and no incurred loss is in question as it is included in the enterprise system.

It has been observed in this Report prepared by the Board of Directors of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş., dated March 18, 2024, that all necessary transactions were carried out and necessary measures were taken in accordance with the responsibilities provided for in the relevant articles of Turkish Commercial Code and assigned to the Board of Directors in all transactions that Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. has carried out with its controlling shareholders and the affiliated shareholders of the controlling shareholders in 2023."

4. Financial Indicators

a) Evaluation of Activities in the Reporting Period

Brisa manufactures tyres that meet international safety and quality standards for automobiles, light commercial vehicles, buses, trucks, agricultural and construction machinery with its brands Bridgestone, Lassa and Dayton. In addition to manufacturing tyres, the Company also imports Firestone brand agricultural equipment tyres and Kinesis brand solid tyres for forklifts, thus offering 1,800 types of products to the market. Furthermore, the Bandag brand as well as the local Veloxia brand lead the way in the tyre retreading segment. As part of the Company's goal of offering a balanced mix of products to vehicle owners, the Bridgestone brand focuses on performance, environment and safety, while Lassa designs products with the "Balanced Performance" approach by giving priority to economy, comfort and durability parameters.

Arvento, which set out with the vision of developing accessible technological products in the field of fleet telematics, stands out in the new era with its new generation products in the field of mobile camera/telematics solutions, object tracking systems and vehicle tracking systems, and products that offer much more comprehensive operation management. Arvento develops and manufactures the most commonly used products in today's IoT world and sets itself apart from the competition with mobility solutions that accelerate the digitalization journey of organizations. Backed by the experience and technology of the "Bridgestone Mobility Solutions" world following the merger with Brisa, Arvento continues to work with Brisa to develop brand new solutions integrating Brisa's tyres and service network with its own fleet management platform.

Brisa continued to take firm steps to proceed with its mobility transformation in 2023. As of the end of 2023, the Company provides services at 117 Otopratik and 22 Propratik locations, while the number of e-charging stations has reached 68, and the number of Otopratik service points providing EV and hybrid vehicle servicing has reached 29. In 2023, a comprehensive segmentation project was carried out within Otopratik and as a result, the Otopratik Midi concept was launched. The number of Otopratik Midi points, focusing on the end consumer and fast maintenance, reached 8 in 2023. In 2023, Otopratik began to offer "On-Site Service." With the application, which was first launched in Istanbul, vehicle owners can make appointments safely and quickly and benefit from on-site service.

In 2023, despite the impacts of the major earthquake and election in Türkiye, as well as the slowdown in economic growth and high inflation compared to the previous year, Brisa maintained its strong growth performance in the domestic market thanks to its balanced sales channel portfolio and effective pricing policies and increased its domestic sales tonnage by 3% compared to the previous year. With Lassa increasing its market share in a total of 21 countries in European and non-European markets in 2023, Lassa export sales tonnage increased by 5% compared to the previous year.

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As a result of all these developments, Brisa's sales revenues remained flat at TL 26.5 billion in 2023 compared to one year ago. Despite the increase in raw material prices, gross profit reached TL 6.5 billion with a year-on-year increase of 9% and gross profit margin realized at 24.53% (December 31, 2022: 22.16%), as a result of strong sales revenue, the right steps taken in the supply chain, appropriate hedging policies against FX risk, and increased efficiency in production. Solid sales revenue and high growth in operational profitability reflected on EBITDA as well, reaching TL 4.3 billion, up by 5% year-on-year. EBITDA margin also increased to 16.27% in 2023 from 15.23% in the previous year.

Net cash was realized at TL 518 million thanks to the positive effect of working capital management improvements and effective financing management (December 31, 2022: TL 77 million net cash). Brisa made cross currency and interest rate swaps to mitigate floating interest rate and foreign currency exchange risks for the long-term foreign currency denominated borrowings when they were received. TL values of foreign currency denominated borrowings may increase or decrease as a result of exchange rates fluctuations, in return fair value of cross currency swaps are shown under derivative assets. Total financial borrowings do not include debts from lease transactions. Considering both bank borrowings recognized in the financial statements and respective derivative assets (TL 1.3 billion), net cash amounted to TL 518 million.

As a result of all these developments, net profit increased by 58% year-on-year to TL 4.0 billion in 2023 and net profit margin was realized at 14.99% (December 31, 2022: 9.34%). Net profit before non-recurring income/expenses amounted to TL 4.3 billion. The non-recurring expense item mainly consists of the earthquake tax collected in 2023.

b) Profit Distribution Policy and Profit Distribution

The profit distribution policy of Brisa is determined within the framework of the provisions of the Turkish Commercial Code, the capital market legislation, other relevant legislation, the article on dividend distribution in the Articles of Association and in line with Brisa's medium- and long-term strategies, investment, and financial plans. The policy is formulated in such a way that considers the national economy and that of the sector while maintaining a balance between shareholder expectations and the needs of Brisa.

The amount of profit to be distributed is determined by the General Assembly; however, the general principle adopted is to pay 30% of distributable profit to shareholders in the form of cash. Brisa does not distribute dividend advances.

The Company adopts the principle of paying dividends equally and as soon as possible to each share, regardless of their date of issue and acquisition, within legal time limits. Dividends shall be paid to shareholders following the approval of the General Assembly and on the date set by the General Assembly.

The General Assembly may transfer net profit entirely or partially to the extraordinary reserves. If Brisa's Board of Directors proposes the General Assembly not to distribute the profit, the reasoning behind this and the planned use of the undistributed profits is disclosed to the shareholders during the General Assembly Meeting.

The profit distribution policy is submitted for approval of shareholders at the General Assembly meeting. This policy is reviewed every year by the Board of Directors, taking into consideration any setback in the national and global economic conditions as well as the current situation of ongoing projects and funds. Any amendments to this policy are submitted for approval of the shareholders at the next General Assembly meeting following the amendments and disclosed to the public via the website.

The profit distribution policy and profit distribution proposal are available in the Annual Report, shared with shareholders at the General Assembly meeting, and publicly announced via the Investor Relations page on the website.

At the General Assembly held on March 27, 2023, the operating results for the year 2022 and the dividend distribution proposal were approved, and it was decided the cash dividend exercise date to start on March 29, 2023 and to distribute a gross dividend of TL 1,098,420,750 to the shareholders representing the Company's capital at the rate of 360.00% and TL 93,297,736 to the privileged shareholders as usufruct in cash from the Net Distributable Period Profit of TL 1,991,198,303. It was decided to set aside TL 117,646,264 from the Net Distributable Period Profit as Secondary Legal Reserves and TL 681,833,552 as Extraordinary Reserves.

5. Other Considerations

a) Events After the Reporting Period

All shares of Arvento Mobile Systems Services Co., a subsidiary of Arvento Mobil Sistemler A.Ş., a subsidiary of the Group, were transferred on February 26, 2024 and the registration procedures were completed. Arvento Mobile Systems Services has no significant impact on the consolidated financial statements of the Group.

6. Corporate Governance and Sustainability Principles Compliance

a) Compliance with Corporate Governance Principles

As one of the pioneers and leader companies in the Turkish industry, Brisa, aware of its responsibilities that it upholds to its stakeholders, adopts as a principle to comply with the Corporate Governance Principles issued by the Capital Markets Board and the four principles of corporate governance based on transparency, fairness, responsibility, and accountability and to make provisions where circumstances require amendments thereof. In the January 1 - December 31, 2023 accounting period, in line with this principle adopted, Brisa has applied and accommodated the Corporate Governance Principles set out in the Corporate Governance Communiqué No II-17.1, which was issued by the Capital Markets Board and entered into force upon publication in the Official Gazette dated January 3, 2014 and numbered 28871.

The Company has taken the required steps in line with the Corporate Governance Principles and demonstrated its awareness of responsibilities towards shareholders and stakeholders with its engagement to compliance thereto as well as all its activities to date, aimed to further strengthen its compliance with these principles in cooperation with all employees and top management executives well-aware of the advantages of adopting the Corporate Governance Principles within the Company, exercised due diligence in following the mandatory and non-mandatory regulations set out in the Corporate Governance Principles and published the related detailed reports to inform shareholders and stakeholders on www.kap.gov.tr and the Company's website.

Acknowledging the importance of full compliance with Corporate Governance Principles, Brisa is committed to follow all the mandatory principles set out by the Communiqué. However, full compliance has not yet been achieved due to difficulties experienced in the implementation of some of the non-mandatory principles, ongoing controversies regarding compliance with certain principles both in Türkiye and in international platforms, and some principles failing to align with the existing structure of the market and the Company. Studies on these principles and justifications for non-implementation thereof continue. No change was observed in compliance with the Corporate Governance Principles in 2023.

b) Compliance with Sustainability Principles

Sustainability is one of the important foundations of Brisa's way of doing business. The Company boldly moves forward with pioneering practices in its sector in all geographies where it operates, in the light of the corporate values and governance experience of its main shareholders, Bridgestone Corporation and Sabancı Holding. With the awareness of being a responsible manufacturer, the Company carries out research, develops innovation, makes investments, operates and manufactures in order to maximize the value for its stakeholders and to achieve more every day.

No change was observed in compliance with sustainability principles in 2023. Brisa complied with all principles as per the Communiqué. On the other hand, the Sustainability Compliance Report for 2022 was re-disclosed on KAP on July 31, 2023 in accordance with the renewed format.

The Board of Directors' Annual Report for the period of January 1 - December 31, 2023 is published on the Investor Relations page on the website: https://www.brisa.com.tr/uploads/docs/Brisa_Annual_Report_31_December_2023.pdf

CORPORATE GOVERNANCE COMPLIANCE REPORT AND

CORPORATE GOVERNANCE COMPLIANCE INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT

PART I – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

As one of the pioneers and leader companies in the Turkish industry, Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (it is hereinafter referred to as “Brisa” or “Company”), which is aware of its responsibilities that it upholds to its stakeholders, adopts as a principle to comply with the Corporate Governance Principles issued by the Capital Markets Board and the four principles of corporate governance based on Transparency, Fairness, Responsibility and Accountability and to make provisions where circumstances require amendments thereof. In the January 1 - December 31, 2023 accounting period, in line with this principle adopted by the Company, Brisa has applied and accommodated the Capital Markets Board Corporate Governance Principles set out in the Corporate Governance Communiqué numbered II-17.1, which has been issued by the Capital Markets Board (“CMB”) and has entered into force upon publication in the Official Gazette dated January 3, 2014 and numbered 28871.

Brisa has prepared the 2023 Corporate Governance Compliance Report in accordance with the format indicated by the Capital Markets Board's Board Bulletin numbered 2014/2 and published on January 27, 2014.

Brisa:

- has taken the required steps in line with the Corporate Governance Principles, and its engagement to compliance thereto as well as all its activities to date have demonstrated awareness of responsibilities towards shareholders and stakeholders,
- is well-aware of the advantages of adopting the Corporate Governance Principles and aims

to strengthen its compliance with these principles in cooperation with all employees and top management executives,

- exercised due diligence in following the mandatory and non-mandatory regulations set out in the Corporate Governance Principles during 2023, published the related detailed reports to inform shareholders and stakeholders on www.kap.gov.tr and the Company's website, www.brisa.com.tr.

In this regard:

- The 2022 General Assembly information document has been prepared in detail and published on the Company's website three weeks prior to the General Assembly meeting, and thereby submitted for information of the shareholders and stakeholders.
- As stipulated by Article 10 of the Communiqué on Corporate Governance and Article 5 of the CMB's Communiqué on Principles to be Followed by Joint Stock Corporations subject to Capital Market Law (Serial: IV, No: 41), the conclusion of the report on transactions exceeding the thresholds envisaged between the Company and its associated parties has been submitted for information of the shareholders through the Public Disclosure Platform and the Company's website.
- In accordance with Article 19 of the Capital Market Law No. 6362, the limit of the donation to be granted by the Company in 2023 has been set as 5% of the commercial profit, as approved by the General Assembly.
- Directors and Officers Liability Policy for Board Members and Executives numbered 269697544, that has been issued by Aksigorta A.Ş. effective as of September 21, 2015 in order to insure the damages to the Corporation that may be caused by faults of the Board of Directors during the exercise of their duties for USD 25 million pursuant to Article 4.2.8 of Corporate Governance Principles annex to CMB's Communiqué on

Corporate Governance No. II-17.1, has been renewed on September 29, 2023 with the policy numbered 353017280 for one year period.

- The Company has simultaneously and promptly submitted any required information to all investors and analysts in a secure, consistent and regular manner. Moreover, the Company has organized investor meetings and sought to reach more investors through press releases and media interviews in order to establish continuous and thorough communications with them.

Acknowledging the importance of full compliance with Corporate Governance Principles, Brisa is committed to follow all the mandatory principles set out by the Communiqué on Corporate Governance No II-17.1. However, challenges faced in implementation of some non-mandatory corporate governance principles, ongoing domestic and international debates concerning compliance with some principles, and incompatibility of others with the market and the Company's current structure constituted obstacles to full compliance. The aforementioned principles and justifications for non-implementation thereof are summarized below:

- As regards the recommendation on vesting shareholders with the right to request for special audits and adding a provision concerning minority rights in the Articles of Association, since the Company is of the opinion that current Turkish Commercial Code provisions on appointment of special auditors and minority rights are sufficient in this regard, these rights have not additionally been regulated by the Articles of Association.
- Although the Company does not have any policy with reference to the recommendation in Article 4.3.9 of the Communiqué, which reads as Corporation shall determine a target rate provided that it is not less than 25% and a target time for membership of women in the Board of Directors and form a policy for this target, due diligence will be exercised in future plans in order to reach this target.

- Besides this, the Corporate Governance Committee assumes obligations of the Nomination Committee and Compensation Committee laid down in Article 4.5.1 of the Communiqué. On another front, although effort is made to comply with the recommendation in Article 4.5.5 of the Communiqué, stating that any Member of the Board of Directors shall not serve duty on more than one Committee, some Board Members are indeed Members of more than one Committee due to Committee structuring requirements, the number of Board Members, and because of the business expertise required by Committee Membership.
- In accordance with Article 4.6.5 of the Corporate Governance Principles, remunerations and all other benefits provided to Board Members and senior executives are publicly announced via annual reports. However, these disclosures are not released on an individual basis.

- There is no model or mechanism established for participation of stakeholders in the management. Nevertheless, the Company and shareholders, as well as stakeholders, are represented by means of Independent Members taking part on the Board of Directors.

The principles that have not yet been implemented have not caused any conflict of interest among stakeholders to date. Relevant developments are followed, and efforts continue toward compliance.

These efforts will be maintained in the near future by taking into consideration legislation updates as well as practices.

PART II - SHAREHOLDERS

2.1. Investor Relations Department

Our Company comprises an Investor Relations Department operating to maintain proper relations with current and potential shareholders,

protect and facilitate exercise of the shareholding rights, enhance the recognizability of our Company in the capital markets, and ensure required compliance with the capital market legislation.

Investor Relations Department at Brisa operates under Chief Financial Officer, Neslihan Döngel Özlem, who is also a Member of the Corporate Governance Committee. To fulfill the obligations arising from capital market legislation and maintain the coordination in corporate governance implementations falls under the responsibility of Investor Relations Department Manager and Corporate Governance Committee Member Elif Küçükçobanoğlu, who holds Capital Market Activities Level 3 License (License Numbered: 202523) and Corporate Governance Rating License (License Numbered: 702172).

Contact information of Investor Relations Department is provided below:

Contact People

Name-Surname	Position	Phone	Email
Neslihan Döngel Özlem	Chief Financial Officer	+90 262 316 57 00	yatirimciiliskileri@brisa.com.tr
Elif Küçükçobanoğlu*	Investor Relations Manager	+90 216 547 34 03	yatirimciiliskileri@brisa.com.tr

*With Elif Küçükçobanoğlu joining Brisa on November 1, 2023, Investor Relations Responsible Erdem Erdoğan's (between the period of January-August 2023, Şerafettin Karakış was acting as Investor Relations Responsible) and Budget and Reporting Manager Özcan Akyazı's responsibilities regarding Investor Relations has come to an end. Budget and Reporting Specialist Nora Sabah acting as a Member of the Department has resigned and left her role on November 28, 2023.

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Investor Relations Department ensures the exercise of shareholding rights, reports to the Board of Directors, and provides communication between the Board of Directors and shareholders.

Main activities carried out by the Department within the period are as follows:

- Correspondence exchanges between investors and the Company, records of other information and documents were kept properly, securely, and up-to-date, and transactions with the Capital Markets Board, Borsa Istanbul, and Central Securities Depository and Trade Repository of Türkiye were coordinated,
- Requests for company-related information - with the exclusion of confidential information and information of trade secret nature - received by the Department during the year were answered clearly and comprehensibly in person or via communication means in line with the Company's Disclosure Policy,
- Ordinary General Assembly meeting within the year was held in compliance with the applicable legislation, the Articles of Association, and other internal regulations,
- Practices were developed to facilitate participation of the shareholders in the General Assembly and enhance the communication during the meeting, informative documents were prepared for shareholders' examination during the General Assembly meeting; the website was updated regularly to provide shareholders with uninterrupted and clear access to information about Company,
- In addition to disclosures made as per legislation, communication with the public was coordinated and meetings were held with investors and analysts by overseeing and monitoring the fulfillment of obligations arising

from capital market legislation, including all matters related to corporate governance and public disclosure; conferences and roadshows organized by brokerage firms were attended.

Activities done in 2023 to provide detailed information to investors regarding the Company's performance are summarized below:

- Number of webcasts: 4
- Number of earnings presentations: 4
- Number of earnings releases: 4
- Number of events with local and global investors and analysts: 35
- Izmit plant visit: 1 (number of investors participating: 32)

Investor Relations Department operating under Chief Financial Officer and establishing communication between Company stakeholders and investors prepared report on its activities conducted in 2023 and submitted to the Board of Directors on March 18, 2024, pursuant to Article 11 of the Communiqué on Corporate Governance numbered II-17.1 issued by the Capital Markets Board.

In 2023, the Company made 38 material event disclosures via KAP (Public Disclosure Platform) in accordance with the Capital Markets Board's regulations. These disclosures have been made in a timely manner as well as in a true, full, direct, comprehensible, satisfactory, and consistent manner, to the extent that the disclosure assists the beneficiaries to make a decision. Therefore, the Capital Markets Board or Borsa Istanbul have not imposed any sanctions.

Lastly, the "Corporate Intermedium Contract Regarding Central Dematerialized System" was signed between Ak Yatirim Menkul Değerler A.Ş. and the Company on February 10, 2009. This contract covers fulfillment of issuer transactions under the Central Securities Depository and Trade Repository

of Türkiye and related services to be provided to Company Shareholders. The contract remained in effect in 2023, as well.

2.2. Shareholders' Right to Obtain Information

The Corporate Disclosure Policy requires that all shareholders, potential investors and analysts to be treated equally with regard to the right to obtain and review information, and that same disclosures are accessed by everyone. All information is shared within the scope of reports previously disclosed to the public. All matters concerning the public disclosure obligation are presented in compliance with legislation and the Articles of Association. Within this scope, material event disclosures, which are of importance for investors, are released to the public through KAP (Public Disclosure Platform) and published on the Company's website, all in a timely manner and in compliance with legislation.

In 2023, written and mostly verbal information requests have been transmitted by shareholders via telephone, e-mails, and video conferences. These information requests were particularly relevant to the General Assembly meetings held, as well as the capital increase and profit share/dividend payments in previous years and the Company's investments. These requests have been answered meticulously by the Investor Relations Department within legal framework and without any delay. For this purpose, the information that would be of concern to shareholders has been disclosed on the website (www.brisa.com.tr) within the mandatory notification time frames.

The company's annual report is published on its website. In addition, interim financial statements, material event disclosures and announcements for shareholders issued are available on the website.

In 2023, no information or disclosure that could affect shareholders' exercise of their shareholding rights was published on our corporate website.

The Articles of Association do not define appointment of a special auditor as a right. Since Article 438 of the Turkish Commercial Code grants each shareholder of the joint stock companies the aforementioned right, it was not deemed necessary to add any provision to the Articles of Association in this regard. No request has been received with respect to appointment of a special auditor for the Company during the financial year.

The Company's activities are regularly and periodically audited by the Independent Auditor appointed by the General Assembly. Independent auditing for 2023 was performed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

2.3. General Assembly Meetings

Regulations concerning Brisa's General Assembly meetings are available under Investor Relations-Corporate Governance-General Assembly tab on the corporate website, presented in the document titled Internal Regulations on the Working Principles and Procedures of Brisa's General Assembly. Additionally, disclosures and documents that should be shared with the public through Public Disclosure Platform (KAP) prior to and after General Assembly meetings, as required by law, are also presented under the Investor Relations tab on the Company's website.

Brisa's 2022 Shareholders Ordinary General Assembly meeting was held on Monday, March 27, 2023 at Istanbul, Beşiktaş, 4. Levent, Sabancı Center Sadıka Ana 3 Toplantı Salonu, under the supervision of the Ministry's Representative Mustafa Çalışkan appointed by decree numbered 83922362, dated March 24, 2023, and issued by the Provincial Directorate of Commerce of Istanbul Governorate.

Shareholders participated in the Ordinary General Assembly meeting in a physical and electronic environment, personally and/or by means of their representatives.

The invitation to the General Assembly meeting, as well as its agenda and date, were published in the Turkish Trade Registry Gazette dated March 3, 2023 and numbered 10782 on the Public Disclosure Platform website www.kap.gov.tr, on the E-General Assembly System of the Central Securities Depository of Türkiye, and on the Company's website www.brisa.com.tr as stipulated in the Law and in the Articles of Association. This was performed minimum three weeks in advance of the General Assembly meeting via all kinds of communication means, including electronic communication, which would ensure that as many shareholders as possible were informed, in addition to legally stipulated procedures.

The annual report comprising the audited 2022 figures, financial statements and reports related to 2022, profit distribution proposal, information document on agenda items of the General Assembly meeting, and other supporting documents related to agenda items of the shareholders at our Istanbul headquarters, on our website and at KAP minimum three weeks prior to the General Assembly meeting date. Questions with respect to these documents have been answered accordingly.

In order to ensure shareholders' representation at the General Assembly, the Electronic General Assembly System was used and the power of attorney form certified by a public notary as stipulated by Capital Markets Board's Communiqué No II-30.1. This form is available for inspection at the Company headquarters and on the Company's website. Shareholders, whose shares are monitored by the Central Securities Depository of Türkiye on a dematerialization basis, have the right to participate in General Assembly meetings in person or

may send representatives authorized under public notary-certified powers of attorney. Shareholders also have the right to participate in the General Assembly meeting via Electronic General Assembly System using their secure electronic signatures. Thus, due diligence has been exercised for equal, cost-efficient and easy participation by shareholders.

Prior to the General Assembly meeting, the shareholders, the Capital Markets Board and/or other public institutions and organizations in relation to the Company did not propose any additional agenda item.

Of 30,511,687,500 shares corresponding to Company's total capital amounting to TL 305,116,875.00; 211,590,513 shares corresponding to the capital amounting to TL 2,115,905.13 have been represented by acting as principal, and 26,900,572,812 shares corresponding to the capital amounting to TL 269,005,728.12 have been represented by acting as representative at Brisa's Ordinary General Assembly meeting. Rate of participation to the General Assembly was 88.9%.

Board Members, the Company's Auditor, General Manager, Chief Financial Officer and the personnel involved in charge of meeting preparations attended the General Assembly meeting. However, stakeholders or news media did not take part in the meeting.

The main agenda articles of this meeting comprised the following: briefing on the 2022 Annual Report and Auditor's Report, discussions on and approval of the financial statements, approval of the assignments due to the resignations at the Board of Directors, informing the General Assembly that the Capital Markets Board has not given any adverse opinion on Independent Board Members, Board Members' release from their activities, planning how to use the 2022 profits and determining the distribution procedure/dividend ratios, Auditor election, informing about the 2022 donations and aids, determining the donation limit for 2023, approving the amendment to Article 6 of Articles of Association, and giving permission to the Chairperson

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of the Board and Board Members to carry out transactions referred to in Articles 395 and 396 of the Turkish Commercial Code.

At the General Assembly meeting, it was submitted for information of the shareholders that the total amount of donations in 2022 was TL 1,179,204. It was resolved, by a majority of votes cast by meeting participants, that the upper limit of donations to be granted by the Company in 2023 shall be 5% of the Company's commercial profit.

Shareholders were given the chance to declare their opinions and ask questions under equal conditions at the General Assembly meeting. During the General Assembly meeting, shareholders did not bring forward any item or proposal outside the agenda, nor did they ask any questions to Corporate Management outside the agenda.

At the General Assembly meeting, no proposals have been submitted by the shareholders, except for the current agenda items.

Minutes of the General Assembly meeting was published on KAP, the Turkish Trade Registry Gazette, and the Electronic General Assembly System. In addition, any announcement, document and paper concerning the General Assembly meeting was uploaded to Brisa's website for information of the shareholders and stakeholders.

No Extraordinary General Assembly meeting was held in 2023.

2.4. Voting Rights and Minority Rights

According to the Articles of Association, each shareholder may vote only once at General Assembly meetings, without any privilege in voting rights.

With a view to preserving and maintaining the Company's harmonious management structure, no regulation regarding granting cumulative voting rights in the current shareholding structure and in the current shareholding ratios was

added to the Articles of Association.

The Company is not engaged in any cross-shareholding relationship with another company.

In the Articles of Association, there is no provision concerning representation of minority shareholders and stakeholders in the management. However, at the Board of Directors, two Independent Board Members take part to represent all shareholders (particularly minority shareholders) and stakeholders equally.

Brisa attaches importance to exercise of minority rights in compliance with provisions of the Turkish Commercial Code and regulations issued by CMB. In 2023, no complaints were received with respect to this matter.

2.5. Dividend Right

As required by the Articles of Association, Hacı Ömer Sabancı Foundation holding 100 usufruct shares has privilege in the profit. These privileges are calculated as per the Articles of Association provisions.

According to the Profit Distribution Policy approved at Brisa's Ordinary General Assembly meeting on March 21, 2014, profit distribution has been determined within the framework of the Turkish Commercial Code provisions, capital market legislation, other relevant legislation, and the relevant article of the Articles of Association on profit distribution, and according to Brisa's medium- and long-term strategies as well as investment and financial plans. The Policy considers the current situation of the national economy and of the sector, and likewise strikes a balance between shareholders' expectations and Brisa's needs.

The General Assembly may transfer net profit entirely or partially to the extraordinary reserve fund. If Brisa's Board of Directors proposes the General Assembly to not distribute the profit, during the General Assembly meeting shareholders shall be informed about the reasons thereof and how undistributed profit shall be utilized. This information

shall also be shared publicly through the annual report and via website.

Brisa does not distribute dividend advances.

The Profit Distribution Policy is submitted for approval of shareholders at the General Assembly meeting. This Policy is reviewed every year by the Board of Directors, taking into consideration any setback in the national and global economic conditions as well as the current situation of ongoing projects and funds. Any amendments to this Policy shall be submitted for approval of the shareholders at the next General Assembly meeting following the amendments and disclosed to the public via the website.

The Profit Distribution Policy and proposal for distribution of annual profit are available in the annual report, shared with shareholders at the General Assembly meeting, and publicly announced via the Investor Relations page on our website.

It is resolved that Net Distributable Period Profit amounted to TL 1,991,198,303.00 remained after deduction of Primary Legal Reserves and Tax Provision in compliance with CMB communiqué and as stipulated by the Article 28 of the Articles of Association, out of the Profit Before Tax amounted to TL 1.865,954,729.00 for the fiscal period 2022 calculated according to the CMB Regulation, is distributed.

2.6. Transfer of Shares

As elaborated under Article 31 of the Articles of Association, transfer of the registered shares held by the controlling shareholders, namely Hacı Ömer Sabancı Holding A.Ş and Bridgestone Corporation, is subject to certain limitations. In brief, any controlling shareholder intending to transfer shares shall offer them firstly to the other controlling shareholder. The controlling shareholders may not transfer their shares to third parties in actual or potential competition with either Sabancı Holding or Bridgestone, or with their affiliates or subsidiaries, by engaging in the same or similar lines of business as theirs.

The Articles of Association do not include any provision limiting the transfer of shares by other shareholders.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and the Contents thereof

Our company's corporate website address is www.brisa.com.tr.

In addition, within the framework of the principles and procedures concerning creation of websites, and for allocation of a certain part of these sites for publication of announcements to be made by the company as required by law and for the information society services pursuant to the Regulation on Web Sites Created by Corporations and the first paragraph of Article 1524 of the Turkish Commercial Code, our Company receives Central Database Service Provider support services from the Central Securities Depository of Türkiye (MKK). Announcements to be published by the Company as required by law are accessible through MKK's e-Company, Companies Information Portal.

For public disclosure purposes, to maintain relationships with the shareholders more effectively and rapidly, and communicate with the shareholders continuously, the Company's website is used actively within the framework of the corporate governance principles.

Information available on Brisa's website may not substitute material event disclosures and notices required by the capital market legislation. All public disclosures of Brisa are accessible through its website configured and organized accordingly and secured with all possible measures. The Company's website is reviewed and revised

within the framework of Corporate Governance Principle titled 2.1. Corporate Website, as part of the CMB's Corporate Governance Communiqué No II-17.1.

The website provides access to information and documents stipulated by legislation. Annual financial statements, Annual Reports and other similar documents are also available in English. Announcements and agendas of the General Assembly meetings, information documents related to the agenda, other information, documents and reports related to the agenda, and participation methods of the General Assembly in particular are presented in a user-friendly manner on the website. Our website has been continuously improving.

Important website content is outlined below:

- Detailed information regarding corporate identity
- Mission, vision, corporate values, ethical rules, and main strategies
- Information on Board Members and senior management
- Organization and shareholding structure of the Company
- CMB material event disclosures
- The Articles of Association
- Trade registry information
- Financial information
- Press releases
- Announcements on the date, agenda, and agenda items of General Assembly meetings
- General Assembly internal directive
- Minutes of General Assembly meetings and list of participants
- Corporate Governance practices and compliance report
- Profit distribution policy
- Disclosure policy
- Donation and aid policy
- Anti-bribery and anti-corruption policy
- Remuneration policy

The website management principles are provided in our Disclosure Policy.

3.2. Annual Report

The Brisa Annual Report is prepared in detail to enable public access to reliable information about the Company's activities in a complete and timely manner in compliance with Regulations on Determining the Minimum Content of Companies' Annual Reports issued by the Ministry of Customs and Trade and entered into force upon publication in the Official Gazette dated August 28, 2012. The terms are stipulated in the CMB's Communiqué No II-14.1 on Principles of Financial Reporting in Capital Markets, the Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/ TFRS), formats determined by CMB, and the Corporate Governance Principles. Unless the Board of Directors resolves, under a separate statement of responsibility, that it shall be disclosed after financial statements, it is disclosed to the public along with financial statements via KAP and the Company's website (www.brisa.com.tr).

In addition, quarterly bulletins and financial statements are published on KAP and the Company's website. The annual report is also available in printed form, ready to be shared with relevant parties.

Within this framework, the Brisa 2022 Activity Report was presented to our shareholders at Company headquarters, via the MKK's Electronic General Assembly portal and on the Company's website for three weeks prior to the 2022 Ordinary General Assembly meeting as stipulated by the Turkish Commercial Code, relevant regulations, and Capital Market Law. The Activity Report was then subsequently read and discussed at the Ordinary General Assembly meeting on March 27, 2023.

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PART IV - STAKEHOLDERS

4.1. Informing Stakeholders

Employees, customers, suppliers, trade unions, NGOs, the state, potential investors, and similar parties who work directly with the Company are regarded as stakeholders. Recognizing the long-term benefits of close cooperation with stakeholders, the Company endeavors to respect and protect their rights as derived from legislation, bilateral agreements, and contracts.

Brisa's stakeholder information process is based on the Information Policy issued on December 25, 2014 by the Investor Relations Department and published on the Public Disclosure Platform www.kap.gov.tr and www.brisa.com.tr. Within the scope of the Disclosure Policy, information that does not constitute trade secrets is shared with stakeholders in line with the principle of transparency, through public announcements, the media, press meetings, and similar activities.

Company employees are provided with information specific to their respective field and about general topics through email, and activities such as meetings, seminars and trainings. The Company has also established an information portal where employees can access all information or documents relevant to their tasks.

Recognizing the importance of dealers as the most important points of contact with the customer, the Company has developed an online Dealer Information System. Moreover, a dealer database management system has been created to provide dealers with the ability to manage their communications with their employees and corporate clients. These systems are complemented by a series of advanced support systems, developed to assist dealers in managing their operations in a

more professional manner, to offer end users services and information about our products; and to meet customer requests concerning the Company's products, services, systems, and methods. All flow of information towards dealers and users is carried out in an integrated manner with Brisa's CRM Model, and the Company also organizes general and regional meetings with dealers to facilitate information sharing.

Suppliers working directly with the Company are provided with information mainly through the procurement portal, as well as various events such as meetings, visits, and notifications.

The Company has adopted a code of conduct to protect the rights of its stakeholders. Stakeholders can contact the Ethics Board of our main stakeholder, H.Ö. Sabancı Holding via email to etik@sabanci.com or calling +90 212 385 85 85, or directly contact Tuğba Gök Nam, Brisa Ethics Consultant, Human Resources Assistant General Manager at +90 216 544 35 00. The Audit Committee and/or Corporate Governance Committee are also informed as necessary.

4.2. Stakeholder Participation in Management

There is no established model or mechanism regarding stakeholder participation in management. However, the presence of Independent Members on the Board of Directors allow all stakeholders, and not only the Company or its shareholders, to take part and be represented in the management.

Shareholders participate in the management during the General Assembly, and they are given equal opportunity to voice their opinions and make inquiries. All Board Members are elected in a vote at the General Assembly, participated by all stakeholders.

The Company implements a governance model that promotes employee participation in key policymaking processes, dissemination of policies within the Company to inform goals, implementation of planned practices, and review of implementation results to ensure continuous improvement.

White-collar employees take part in management through periodical meetings as well as annual goalsetting and performance evaluation meetings. An Employee Loyalty Survey is used to measure loyalty and satisfaction among both white- and blue-collar employees, and results obtained from the survey are used to develop action plans in areas of opportunity. Additionally, employees provide feedback to their colleagues and management through a 360-degree feedback model, where results are evaluated in various management meetings to inform action plans to bring about the necessary change. These methods enable employees to participate in and contribute as necessary to ensure efficient governance.

Any changes in the working conditions, working environment, employee benefits and similar matters concerning blue-collar workers are discussed in meetings with participation from such employees as well as the Lastik-İş Union.

Open channels of communications are maintained with all other non-employee stakeholders (customers, suppliers, etc.), and topics discussed at meetings with such parties are taken into consideration in policymaking.

4.3. Human Resources Policy

The focus of our Human Resources Policy, which will support the realization and sustainability of our Company's long and medium-term business goals, is to be the most preferred workplace by creating a work environment that is aware of its social responsibility, where people are proud and happy to work, where change is pioneered, where working peace and continuity are ensured, where occupational health and safety, environmental awareness, ethical values and fair approach are at the forefront, and to ensure the continuity of this environment with employees who are entrepreneurial pioneers, have innovative competencies, have a high desire to succeed, are open to change and development.

The rights of our blue-collar employees are protected within the framework of the regulations determined by the Lastik-İş Union.

Within the framework of our Company's Human Resources Policy, we adopted the Principle of Providing Equal Opportunities to People with Equal Conditions. The Company is committed to treating all employees fairly, respecting their religious, linguistic, ethnical and gender differences, and taking measures to protect them against mistreatment. The Company has equal opportunity policies and avoids employing or forcing child labor. Our compliance is hand in hand with related laws, regulations, workplace legislation and our ethical rules in the field. Before and during 2023, we have received no complaints of discrimination.

The job descriptions, distributions, performance, and rewarding criteria of personnel are announced corporate-wide. Efficiency is considered when determining wages, raises, and other benefits.

Brisa, like other Sabancı Holding companies operating domestically and internationally, respects and complies with local law and private law arrangements such as collective labor contracts in the industry. The Company shows due diligence from the beginning until the termination of the labor agreement to protect all rights and pay the receivables of employees.

4.4. Codes of Conduct and Social Responsibility

Codes of Business Conduct have been formed, put into effect, and released for public attention on our website. Employees have been informed about the Codes via intra-company communications platforms, manuals, and trainings. Moreover, employees are updated via e-information programs and reinforce their commitment to the Codes by signing the Business Conduct Compliance Declaration.

Brisa Sustainability Policy has been announced to share and deploy Brisa sustainability approach to stakeholders in all Brisa's operations. Our prior responsibilities at social dimension of the Policy are listed below:

Human Rights

- Respect and support international human rights and take responsibility to prevent violations
- Increase awareness against all kind of violations including domestic violence

Occupational Health and Safety

- Assign the utmost importance to health and safety

Customer Health and Safety through Products and Service Lifecycle

- Give priority to customer health and safety through product and service lifecycle
- Share information about health, safety and environmental impact of our products and services with our customers systematically and transparently

Anti-Corruption and Anti-Bribery

- Recognize anti-corruption and anti-bribery as our principal responsibilities
- Review our processes by considering anti-corruption and anti-bribery

Business Beyond Legal Arrangements

- Maintain method of doing business beyond full compliance of legal requirements
- Adopt transparency, fairness, responsibility and accountability principles in corporate governance

Information Security

- Protect information confidentiality, integrity and accessibility and increase awareness

Employee Rights

- Maintain the business ethics guidelines (SA-Etik)
- Recognize equal opportunity as one of the fundamental parts of social sustainability
- Ensure women participation in business life equally and actively and increase women employment
- Support the elimination of all forms of forced and compulsory labor and the effective abolition of child labor
- Respect and recognize our employees' rights of organization, unionization and collective bargaining, which are the most fundamental rights emanating from the constitution and international agreements
- Avoid discrimination in recruitment
- Take responsible attitude in balancing work and private life for our employees

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Development Journey

- Become employer of choice
- Carry out corporate and individual performance evaluation process by deploying strategies and targets to organization and employees
- Create a participative working environment with our corporate development approaches becoming best practices

Stakeholder and Relations with Society

- Communicate transparently, participatory and based on mutual trust with our stakeholders in all our operations
- Manage our social, environmental and economic impacts with stakeholders proactively
- Embrace the understanding of social responsibility management based on stakeholder expectations which are reflected on our business manner, culture and values
- Shape and diversify our contribution to society based on our social responsibility strategies
- Promote and spread sustainability approach

Brisa's social responsibility projects in 2023 are listed under Corporate Social Responsibility heading.

Brisa is aware of its social responsibilities and abides by environmental, consumer and public health regulations as well as codes of conduct. The Company supports and respects universal human rights. Complying with the Article 3.5.2 of Corporate Governance Principles, Brisa created the Anti-Bribery and Anti-Corruption Policy in 2015 and released it to the attention of all stakeholders on (www.brisa.com.tr). Brisa fights against any kind of malpractice including bribery and corruption in accordance with this Policy.

PART V – BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

The Board of Directors observes the compatibility of corporate activities with legislation, Articles of Association, internal regulations, and policies. The Board represents and directs the Company by reserving its long-term interests by taking decisions with full consideration of risks, growth, and profits of the Company.

The Company is represented and directed by a Board of Directors, which was established in accordance with the provisions of Turkish Commercial Code and capital market legislation. The Board is composed of at least 11 Members elected at the Ordinary General Assembly meeting of 2020 held on March 26, 2021 to serve until the Ordinary General Assembly meeting of 2023 to be held in 2024.

The Articles of Association does not specify minimum qualifications for Members of the Board of Directors. However, the required qualifications for Members of the Board of Directors overlap with relevant articles in the Capital Markets Board's Corporate Governance Principles.

The Board of Directors is composed of both executive and non-executive Members. A greater part of the Board Membership is non-executive as defined in the Corporate Governance Principles. Among non-executive Members are two Independent Members who can perform their duties under no influence. The Members of the Board of Directors are elected by General Assembly in accordance with Corporate Governance Principles.

Within the framework of Capital Markets Board's Corporate Governance Principles article 4.3, amendments have been made to the Articles of Association, which now allows Independent Members on the Board of Directors. Independent Members of the Board of Directors were determined by the approval of the candidate list with two individuals at the Ordinary General Assembly meeting on March 26, 2021, in accordance with the Board of Directors resolution dated February 12, 2021 and numbered 2021/04. Upon their nomination for independent membership, Independent Member candidates of the Board declare to the Board that they embody the criteria of independence. During the term in question, no incidence was reported risking the independence of the Independent Members of the Board of Directors.

The maximum term of office for the Members of the Board of Directors is three years. Members whose term of office has expired can be re-elected. In cases where a position becomes vacant for any reason, the Board of Directors appoints a new Member for the position, which they submit to for the approval of the General Assembly. This Member completes his predecessor's remaining term of office.

The members of the Board of Directors as of December 31, 2023, along with their types of membership are as follows:

Name and Surname	Whether Executive Director or Not	Title
Ahmed Cevdet Alemdar	Executive	Chairperson of the Board
Tomio Fukuzumi*	Executive	Vice-Chairperson of the Board
Mustafa Bayraktar	Non-Executive	Board Member
Haluk Dinçer	Non-Executive	Board Member
Frederic Jean Hubert Cecile Hendrickx	Non-Executive	Board Member
Mete Ekin	Non-Executive	Board Member
Daniel Jean Pierre Giroud**	Non-Executive	Board Member
Haluk Kürkçü	Executive/General Manager	Board Member
Sakine Şebnem Önder***	Non-Executive	Board Member
Mehmet Tanju Ula	Non-Executive	Independent Board Member
Ahmet Erdem****	Non-Executive	Independent Board Member

* Was assigned as successor to Naohisa Yoda as of 21 December 2022.

** Jerome Freddy Pierre Boulet was assigned as successor as of 1 January 2024.

*** Was assigned as successor to Emine Duygu Kirca as of 20 September 2022.

**** Was assigned as successor to Mehmet Kahya as of 1 April 2023.

There is no provision restricting the Members of the Board of Directors from taking up extra-company positions. CVs and extra-company positions of Members of the Board of Directors are contained in the activity report with in-group and out-group distinction.

Although the Company does not have any policy with reference to the recommendation in Article 4.3.9 of the Communiqué, which reads as corporation shall determine a target rate provided that it is not less than 25% and a target time for membership of women in the board of directors and form a policy for this target, due diligence will be exercised in future plans in order to reach this target.

Statements of Independence

I hereby declare that I am a candidate to serve as an "independent member" on the Board of Directors of **Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.** ("Company") under related regulations, Articles of Association of the Company

and the criteria stated in the Corporate Governance Principles as set forth by the Capital Markets Board ("CMB")'s Communiqué on Corporate Governance.

In this regard, I declare and confirm that:

- In the last five years, I myself, my spouse or my up to the second degree blood or affinity relatives are not or have not been; employed by as a key management personnel with significant duties and responsibilities; have not had ordinary or privileged shareholding exceeding 5% either jointly or solely by myself; or have not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders with management control of the Company or having material effect over the Company and all entities controlled by those shareholders,
- In the last five years, I have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or have not been a shareholder (with 5%

stake or more) of an entity which has had a contractual relationship with the Company for purchase or sale of goods or services such as audit (including tax audit, legal audit, and internal audit) credit rating or consulting services during the terms in which the goods or services were provided,

- I have relevant skills, knowledge and expertise in order to duly fulfill my duties as an independent board member,
- I do not work/will not be working full-time at public institutions and organisations, except for the faculty membership provided that it is in compliance with the relevant legislation,
- I am residing in Turkey in accordance with the Income Tax Law No. 193 dated 31/12/1960,
- I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

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- g) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- h) I have not served as a member of the Board of the Company for more than six years within last ten years,
- i) I am not registered in the name of any legal entity elected as a Board member,
- j) I am not/will not be an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders, and in more than five corporations listed on Borsa Istanbul in total. I hereby acknowledge to the General Assembly, the Board of Directors, the shareholders and all other stakeholders of the Company that the above statements are true and correct to the best of my knowledge.

Mehmet Tanju Ula
Independent Board Member

Mehmet Kahya*
Independent Board Member

Ahmet Erdem**
Independent Board Member

**Served as Independent Board Member between March 22, 2018-April 1, 2023.*

***Has been serving as Independent Board Member since April 1, 2023.*

5.2. Operating Principles of the Board of Directors

As indicated in the Articles of Association, the Board of Directors convenes as much as is necessitated by the Company's dealings and proceedings. However, holding a meeting every three months is compulsory. The Board of Directors convenes by invitation of the

Chairperson or Vice-Chairperson. The Board of Directors meetings can be held either at home or abroad with the attendance of its Members. The resolutions of the Board of Directors are taken both in Turkish and in English.

The agenda of the Board of Directors meetings is set following the Chairperson's discussions with the existing Members and General Manager. To make sure that the agenda is set before the meeting, the call for meeting is announced at least 10 days before the meeting via e-mail, registered letter, or signed fax. All members prioritize attendance at every meeting and share opinions in these meetings. However, this procedure can be ignored in emergency situations. Under such circumstances, starting the meeting requires at least 8 members of the Board of Directors. The meeting date is determined by decision of the Board of Directors. When the Chairperson or Vice-Chairperson of the Board of Directors does not call for the meeting, the Members can also assume ex-officio authority for a call upon written request by one Member. Under circumstances where no Member requests a meeting, the Board resolutions can be taken when one Member's written suggestion on a specific issue is approved by at least other 7 Board Members via written statement, which means approval by a total of at least 8 members as stipulated in Turkish Commercial Code Article 390 (4).

The Board of Directors held 27 meetings in 2023, of which 4 were face-to-face meetings and 23 were meetings convened upon the written approval of Members in accordance with Turkish Commercial Code and Articles of Association decrees. The decisions were taken unanimously and Corporate Governance Principles were followed.

Each Member of the Board of Directors has a single vote. The Articles of Association stipulate that at least 8 out of 11 members should cast an affirmative vote for decisions to be ratified.

Members of the Board of Directors did not present any opposing views to the resolutions of the Board in the 2023 meetings. No questions were asked by the Members regarding the matters at hand, hence, no questions were not recorded into minutes.

No weighting vote is given to any Member of the Board of Directors.

In accordance with Article 10 of the Capital Markets Board's Corporate Governance Communiqué with the serial number II.17.1., when the total amount of common and continuous transactions between our Company and the related parties in a financial year is expected to exceed 10% of the cost of sales in the latest annual financial statements disclosed to public in purchase transactions and of the revenues in the latest annual financial statements disclosed to public in sale transactions, it is necessary to prepare a report regarding the terms of the transactions and their comparison with market conditions, and to release the report or concluding part thereof.

Within this framework, the report Planned Operations with the Related Parties in 2024 was prepared and approved by the Board of Directors' resolution dated March 18, 2024 and numbered 2024/02. The conclusion part of the report was announced on the Public Disclosure Platform (KAP).

Accordingly, "purchase transactions of goods (rubber) Brisa made with the related party, Bridgestone Singapore Pte. Ltd. in 2023, have been carried out in accordance with the market conditions and its counterparts. Similarly, transactions Brisa will make with the related party in 2024 will be carried out in accordance with the market conditions as planned in the company budget."

During the relevant term, there were no transactions with the related parties and no transactions of an important nature as submitted for the approval of the Independent Members of the Board of Directors. In addition, no unapproved transactions emanating from all these and submitted for the approval of the General Assembly were recorded.

The Board of Directors' management rights and representation authority are defined in the Articles of Association.

In accordance with the Communiqué article 4.2.8, Directors and Officers Liability Policy for Board Members and Executives numbered 269697544, that has been issued by Aksigorta A.Ş. effective as of September 21, 2015 in order to insure the damages to the Corporation that may be caused by faults of the Board of Directors during the exercise of their duties for USD 25 million has been renewed on September 29, 2023 with the policy numbered 353017280 for one year period.

5.3. The Number, Structure, and Independence of the Committees Formed within the Board of Directors

In accordance with capital market legislation, Capital Markets Board regulations, and Corporate Governance Principles, Committee Responsible for Auditing (i.e. Audit Committee), Corporate Governance Committee, and Early Identification of Risk Committee were established to help the Board of Directors exercise duties and responsibilities properly. Moreover, the duties of Nomination Committee and Compensation Committee as mentioned in the Communiqué article 4.5.1 have been assumed by Corporate Governance Committee.

Decisions of the Committees, which are taken as a result of studies carried out independently, are submitted to the Board of Directors as mere suggestions. The final resolution is made by the Board of Directors.

The Board of Directors is structured in accordance with the Corporate Governance Principles Communiqué. Although the Communiqué article 4.5.5 advises that any member of the Board of Directors cannot take part in more than one committee, an instruction seriously considered by the Board, some Board Members take part in more than one Committee depending on the number of Members on the Board, the necessities of the Committee structuring, and expertise necessitated by a specific Committee Membership. In this respect, due to the fact that the Audit Committee has to be completely composed of Independent Members of the Board and that other Committees' Chairpersons have to be Independent Members of the Board, Ahmet Erdem currently serves on all three Committees at the same time and serves as the Chairperson of Early Identification of Risk Committee and Corporate Governance Committee as well. Mehmet Tanju Ula currently serves on Audit Committee as Chairperson and Corporate Governance Committee as Member. Tomio Fukuzumi serves as Member on both Corporate Governance Committee and Early Identification of Risk Committee.

The Committees have been carrying out their work regularly since the day of their establishment.

No conflicts of interest were reported in the Committees in the year 2023.

Detailed information about the Committees formed within the body of Board of Directors is provided below:

Audit Committee

The Audit Committee was established upon the resolution of the Board of Directors dated March 21, 2003, in accordance with article 28/A added by the Communiqué with Serial: X and No. 19 to the Independent Audit in Capital Market Communiqué with Serial: X and No. 16 of Capital Markets Board. The responsibilities of the Audit Committee include informing the Board of Directors of the corporate accounting system, financial reporting, financial information released to the public, the activities of the internal audit department, the functions and activities of the internal control system with independent audit; supporting the Company's compliance with Capital Markets Board legislation as well as other relevant legislations and laws, Corporate Governance Principles and Code of Business Conduct; and monitoring all relevant processes on these issues.

As of December 31, 2023, Members of the Audit Committee are as follows:

Name Surname	Title	Whether Independent Director or Not
Mehmet Tanju Ula	Chairperson	Independent Board Member
Ahmet Erdem*	Member	Independent Board Member

**With the Board of Directors' resolution dated April 1, 2023, Ahmet Erdem was appointed as Independent Board Member, Chairperson of Corporate Governance Committee and Early Identification of Risk Committee and Member of Audit Committee due to the resignation of Mehmet Kahya on the same date.*

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The Audit Committee is composed of members who have no direct executive functions, carry the title of Independent Member on the Board of Directors, and have sufficient knowledge and expertise in financial matters. The Chairperson and Member of the Audit Committee are appointed by the Board of Directors. The internal audit department acts as the reporter of the Audit Committee. Funds and any other support necessary for the functioning of the Committee are provided by the Board of Directors.

The Committee convenes every three months at least, which means at least four times a year, and records the conclusions of the meeting in minutes later to be reported to the Board of Directors. The Committee generally reviews the works of the Internal Control Department and Independent Auditing Firm, audits financial statements, and examines any violation of business conduct and code of behavior in these meetings.

The Audit Committee convened 4 times in 2023 and submitted its report to the Board of Directors regarding the authenticity and accuracy of the financial statements to be released to the public. Moreover, the Audit Committee convened with the internal control department 4 times in 2023 to approve the auditing schedule, to examine internal audit reports corresponding to 6 business processes, and to discuss competence of the internal control system.

Main activities performed by the Audit Committee in 2023 are as follows:

- Tracking the Company's financial and operational activities,
- Monitoring and approving the authenticity, accuracy, and congruity of the yearly and interim financial statements to be released to the public with the Company's accounting principles,

- Choosing the independent auditing firm, preparing independent auditing contracts, and initiating independent auditing processes,
- Tracking the efficiency and performance of independent auditing activities,
- Monitoring the function and efficiency of the internal control and internal auditing system,
- Evaluating the findings of the internal control system and reporting to the Board of Directors,
- Auditing and approving the reports on internal control and internal audits.

Corporate Governance Committee

Corporate Governance Committee was established in accordance with the Capital Markets Board's Corporate Governance Communiqué with an attempt to follow up the Company's compliance with corporate governance principles, to make improvements in the process, and make suggestions to the Board of Directors. The Committee has been established and its Internal Directive has been approved by the Board resolution dated April 30, 2012 and numbered 600. Early Identification of Risk Committee was separated from the Corporate Governance Committee by the Board resolution dated August 2, 2013 and numbered 2013/13, which necessitated revisions to be made on the Internal Directive in question.

As of December 31, 2023, Members of the Corporate Governance Committee are as follows:

Name Surname	Title	Whether Independent Director or Not
Ahmet Erdem*	Chairperson	Independent Board Member
Mehmet Tanju Ula	Member	Independent Board Member
Haluk Dinçer	Member	Board Member - Non-executive
Tomio Fukuzumi	Member	Vice-Chairperson - Executive
Neslihan Döngel Özlem	Member	Chief Financial Officer
Elif Küçükçobanoğlu**	Member	Investor Relations Manager

*With the Board of Directors' resolution dated April 1, 2023, Ahmet Erdem was appointed as Independent Board Member, Chairperson of Corporate Governance Committee and Early Identification of Risk Committee and Member of Audit Committee due to the resignation of Mehmet Kahya on the same date.

**With the Board of Directors' resolution dated December 22, 2023, it has been resolved to terminate the Corporate Governance Committee Membership duty of Erdem Erdoğan and to appoint Elif Küçükçobanoğlu, who is currently serving as Investor Relations Manager, as Corporate Governance Committee Member in accordance with the Article 11 of the Communiqué on Corporate Governance numbered II-17.1 of the Capital Markets Board.

Committee Members (excluding the Chairperson) include three Members of the Board of Directors, Chief Financial Officer (CFO) responsible from Investor Relations Department and Investor Relations Department Manager meeting the criteria set forth by the legislation, all appointed by the Board of Directors. Human Resources Assistant General Manager serves as the Committee Reporter.

In cases where the position of the Committee Chairperson becomes vacant for whatever reason, the Chairperson of the Board of Directors appoints a Member of the Committee as interim Chairperson until the first Board of Directors meeting following the incidence of vacancy. The interim serves until a new Chairperson is appointed.

The agenda of the meeting is determined by the Chairperson of the Committee. Members and shareholders communicate the issues they wish to be put on the agenda to the Reporter, who reports them to the Chairperson of the Corporate Governance Committee.

Corporate Governance Committee meetings are held at least four times a year at the places and on the dates the Chairperson deems appropriate. The meeting and resolution quorum is the absolute majority of the total number of Members. Other people can also attend the meetings if the Chairperson deems appropriate.

The Corporate Governance Committee keeps a written record of all its works and reports all relevant information and conclusions to the Board of Directors.

The Corporate Governance Committee convened 4 times in 2023.

The Committee's activities in 2023 included:

- Making recommendations to the Board of Directors to improve corporate governance practices within the scope of compliance with the Capital Markets Board's Corporate Governance Communiqué No. II-17.1 and conducting and supervising the necessary work for compliance with the legislation within the Company,
- Supervising the activities of Investor Relations Department,
- Determining the principles, criteria, and practices to be used in the remuneration of executives with administrative responsibility, considering the long-term goals of the Company, and overseeing these,
- Submitting its suggestions to the Board of Directors about fees to be provided to executives in consideration of the degree of reaching determined remuneration criteria.

As of December 31, 2023, Members of the Early Identification of Risk Committee are as follows:

Name Surname	Title	Whether Independent Director or Not
Ahmet Erdem*	Chairperson	Independent Board Member
Tomio Fukuzumi	Member	Vice-Chairperson - Executive
Sakine Şebnem Önder	Member	Board Member - Non-executive

*With the Board of Directors' resolution dated April 1, 2023, Ahmet Erdem was appointed as Independent Board Member, Chairperson of Corporate Governance Committee and Early Identification of Risk Committee and Member of Audit Committee due to the resignation of Mehmet Kahya on the same date.

Early Identification of Risk Committee

Early Identification of Risk Committee has been established upon the resolution of Board of Directors dated August 2, 2013 and numbered 2013/13. The Committee was commissioned and authorized by Turkish Commercial Code numbered 6102 and by article 378 thereof, as well as Capital Markets Board's Corporate Governance Communiqué.

The activities of the Committee include early identification of any strategic, operational, financial, external, and miscellaneous risks threatening the existence, development, and sustainability of Brisa; implementation of necessary measures and remedies; and the management of risks.

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The Chairperson of the Early Identification of Risk Committee is appointed among the independent members by Board of Directors.

The Committee is composed of a minimum of two Members appointed by the Board of Directors. Other persons can also participate in the meetings if the Chairperson approves. The term of office for Committee Members is parallel to that of the Members of the Board of Directors. The Committee Membership is renewed upon the renewal of the Members of the Board of Directors.

The Early Identification of Risk Committee convened 4 times and submitted 6 reports to the Board of Directors in 2023.

5.5. Company's Strategic Goals

Brisa's mission, vision, values, and policies are reviewed by the senior management each year, and strategic targets determined in line with this direction are communicated to employees at annual meetings and through the Brisa's website.

Strategic goals and targets set by the Executive Board in line with the mission and vision of Brisa, are discussed by the Board of Directors for approval within the scope of budget and mid-term plans. The budget is prepared per annum, along with a three-year midterm plan.

Goals approved through these general areas are then used to determine the specific goals for each individual function within the Company. All Company employees perform their tasks in accordance with the vision and strategic goals as they also guide individual performance targets, as well as annual performance evaluations.

Strategic goals and performance indicators are monitored using made-to-purpose software, outputs of which are used by the Executive Board who convenes twice a month to evaluate the Company's performance and relevant agenda items. These comprehensive evaluations, as well as the constantly updated projections, are used to determine the actions that must be taken to achieve key performance indicators.

The Board of Directors convenes at least four times per year to evaluate progress towards goals, current operations, and term performance.

5.6. Financial Rights

The Board of Directors is responsible for making sure that the Company reaches operational and financial performance targets specified and released to the public.

Any rights, benefits, and wages, as well as the criteria for determination and principles for setting remuneration for Members of the Board of Directors and senior executives with administrative responsibilities, were communicated to shareholders as a separate item at the 2011 Ordinary General Assembly meeting held on April 27, 2012 in accordance with the Capital Market Board's mandatory Corporate Governance Principle numbered 4.6.2. Shareholders have been given the opportunity to express their views on this issue. Moreover, Remuneration Policy was published on Corporate website.

In accordance with the Capital Markets Board's mandatory Corporate Governance Principle numbered 4.6.3, stock options or payment plans based on the Company's performance do not apply in the remuneration of the Independent Board Members.

Rights, benefits, and wages bestowed upon senior executives are collectively given in the footnotes of the financial tables of related terms. In this respect, the aggregate salaries and remunerations paid in the accounting period ending on December 31, 2023 amount to TL 181,950 thousand (December 31, 2022: TL 90,854 thousand), all adjusted figures for inflation accounting.

In 2023, the Company has not lent money, has not provided any loan facilities and has not extended credits (under the name of personal loan through a third party) or sureties (such as surety in favor) to any Board Members or the senior executives.

2023 Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					There was no special audit conducted throughout the year.
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					There has not been any such transactions to be disclosed.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			Board Members, the Company's Auditor, General Manager, Chief Financial Officer and the personnel involved in charge of meeting preparations attended the General Assembly meeting. However, stakeholders or news media did not take part in the meeting.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND
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	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The company does not have any cross-ownership with any company, in case such cross-ownership provides management control.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	The Company paid dividend in 2023.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.		X				Articles of Association Article 31: Limited Transfer of the Registered Shares
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

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	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				Employees' participation in management is conducted through periodic meetings within the Company and through annual goal setting and performance evaluation meetings. In addition, with 360-degree feedback mechanism, employees give feedback to the management and colleagues, and the results are discussed at various management meetings and action plans are prepared for the necessary changes.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		X				Although methods such as questionnaires / consultations are not used to take the opinions of the stakeholders, especially in social media, researches are carried out for all stakeholders regarding the company's perception. Furthermore, communication channels are open for other stakeholders (suppliers, business partners, etc.).
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					https://www.brisa.com.tr/uploads/docs/Brisa_Code_Of_Business_Ethics.pdf
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

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	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairperson and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			Although the company does not have any policy, due diligence will be exercised in future plans in order to reach this target.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.		X				As part of Company's future plans, it will be prepared in detail and written format.
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			It is not restricted for the members of the Board of Directors to take external commitments.

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	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.		X				Due to the limited number of Board Members and the obligations required by the CMB legislation, the members may be assigned to more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	External consultancy services were not used in 2023.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.		X				Preparing a policy for Board of Directors' performance evaluation are part of Company's future plans.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		X				
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Payments made to executives are disclosed to the public in the notes of the financial statements. As the payment to the members of the Board of Directors is determined by the General Assembly, explanations are made on an individual basis. Payments to executives have been made in accordance with remuneration policy and based on performance criteria. Since this information is considered personal data, it cannot be disclosed on an individual basis due to the conflict with another legislation.

2023 Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	40
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	Special auditor was not requested.
The number of special audit requests that were accepted at the General Shareholders' Meeting	Special auditor was not requested.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1116202
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There was no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	There was no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/1116195
The name of the section on the corporate website that demonstrates the donation policy of the company	About Us/Ethical Principles and Policies
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/424828
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Articles of Association Article 17-23
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	The Members of the Board of Directors, Shareholders and representatives, The Company Auditor, The General Secretary and personnels who have responsibilities for General Assembly participated to the meeting.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
The percentage of ownership of the largest shareholder	43.63%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	Not enlarged.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations/ Corporate Governance/ Policies
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Irrelevant (in 2023, the BoD proposed dividend distribution to the General Assembly).
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Irrelevant (in 2023, the BoD proposed dividend distribution to the General Assembly).

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General Assembly Meetings

General Meeting Date	27/03/2023
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	88.9%
Percentage of shares directly present at the GSM	0.7%
Percentage of shares represented by proxy	88.2%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations/Corporate Governance/General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations/Corporate Governance/General Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification"	https:// www.kap.org.tr/en/Bildirim/1128210

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	About Us and Investor Relations sections
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations/ Corporate/Shareholder Structure
List of languages for which the website is available	TR/ENG
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance Compliance Report "Board of Directors" and "Statements of Independence"
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Compliance Report "Number, Structure and Independence of the Committees Established within the Board of Directors"
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Compliance Report "Operating Principles of the Board of Directors"
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There has not been any amendments in the legislation, which may significantly affect the activities of the corporation; Annual Report of The Board of Directors for the Period January 1 - December 31, 2023 "Operations and Important Developments Related to Operations"
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	There has not been any significant lawsuits filed against the corporation and the possible results thereof; Annual Report of The Board of Directors for the Period January 1 - December 31, 2023 "Operations and Important Developments Related to Operations"
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There has not been any conflicts of interest; Annual Report of The Board of Directors for the Period January 1 - December 31, 2023 "Operations and Important Developments Related to Operations"
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There are no cross ownership subsidiaries; Corporate Governance Compliance Report "Voting Rights and Minority Rights"
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	"Human Resources" and "Corporate Social Responsibility"

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3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	There is no employee severance and remedy policy. A paragraph on the matter was added to the Human Resources Policy.
The number of definitive convictions the company was subject to in relation to breach of employee rights	There has not been any definitive convictions the Company was subject to in relation to breach of employee rights.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Board
The contact detail of the company alert mechanism	t.gok@brisa.com.tr
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulations addressing the participation of employees on management bodies are not demonstrated in the corporate website.
Corporate bodies where employees are actually represented	There are no corporate bodies where employees are actually represented; Petroleum Chemical and Rubber Industry Workers' Union of Türkiye (Lastik-İş) represents the employees.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The Corporate Governance Committee oversees the backup efforts for key management positions.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	About Us/Ethical Principles and Policies: "Human Rights Policy" and "Brisa Code Of Business Ethics"
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	About Us/Ethical Principles and Policies: " Human Rights Policy" and "Brisa Code Of Business Ethics"
The number of definitive convictions the company is subject to in relation to health and safety measures	There has not been any definitive convictions the Company was subject to in relation health and safety measures.
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	About Us/Ethical Principles and Policies: "Brisa Code Of Business Ethics"
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations/ Presentation and Reports /Annual Reports/2023/"Corporate Social Responsibility" and "Corporate Governance Compliance Report" Sustainability/Our Sustainability Approach
Any measures combating any kind of corruption including embezzlement and bribery	About Us/Ethical Principles and Policies: "Brisa Anti Bribery and Anti Corruption Policy"

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	December 2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Ahmed Cevdet Alemdar, Chairperson of the Board; Tomio Fukuzumi, Vice-Chairperson of the Board; Mustafa Bayraktar, Board Member; Haluk Dinçer, Board Member; Frederic Jean Hubert Cecile Hendrickx, Board Member; Mete Ekin, Board Member; Daniel Jean Pierre Giroud**, Board Member; Haluk Kürkçü, Board Member/General Manager; Sakine Şebnem Önder, Board Member; Mehmet Tanju Ula, Independent Board Member; Ahmet Erdem*, Independent Board Member (*Was assigned as a successor to Mehmet Kahya as of April 1, 2023. ** Jerome Freddy Pierre Boulet was assigned as his successor as of January 1, 2024).
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	6
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	"Internal Audit Activities"
Name of the Chairperson	Ahmed Cevdet Alemdar
Name of the CEO	Haluk Kürkçü
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Irrelevant because CEO and Chair functions are not combined.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	No PDP notification was made.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no section on the corporate website that demonstrates current diversity policy targeting women directors.
The number and ratio of female directors within the Board of Directors	1 / 9%

CORPORATE GOVERNANCE COMPLIANCE REPORT AND
CORPORATE GOVERNANCE COMPLIANCE INFORMATION FORM

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
Ahmed Cevdet Alemdar	Executive	Not independent director	15/05/2017	-	Not considered	Not applicable	Yes
Tomio Fukuzumi	Executive	Not independent director	21/12/2022	-	Not considered	Not applicable	Yes
Mustafa Bayraktar	Non-executive	Not independent director	19/04/2004	-	Not considered	Not applicable	Yes
Haluk Dinçer	Non-executive	Not independent director	24/01/2020	-	Not considered	Not applicable	Yes
Frederic Jean Hubert Cecile Hendrickx	Non-executive	Not independent director	18/09/2015	-	Not considered	Not applicable	No
Mete Ekin	Non-executive	Not independent director	03/07/2017	-	Not considered	Not applicable	Yes
Daniel Jean Pierre Giroud	Non-executive	Not independent director	25/01/2021	-	Not considered	Not applicable	No
Haluk Kürkcü	Executive	Not independent director	07/09/2020	-	Not considered	Not applicable	No
Sakine Şebnem Önder	Non-executive	Not independent director	20/09/2022	-	Not considered	Not applicable	No
Mehmet Tanju Ula	Non-executive	Independent director	22/03/2018	https:// www.kap.org.tr/en/Bildirim/911210	Considered	No	Yes
Ahmet Erdem	Non-executive	Independent director	01/04/2023	No PDP notification that includes the Independency Declaration was made.	Considered	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period	4 physical meetings
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7
The name of the section on the corporate website that demonstrates information about the board charter	Investor Relations/ Corporate Governance/Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy to restrict BoD Members to hold external duties.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance Compliance Report "The Number, Structure, and Independence of the Committees Established within the Board of Directors"
Link(s) to the PDP announcement(s) with the board committee charters	There are Board Committee Charters in effect but no PDP announcements were made on the matter.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND

CORPORATE GOVERNANCE COMPLIANCE INFORMATION FORM

Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as " Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member or Not
Audit Committee		Mehmet Tanju Ula	Yes	Board member
Audit Committee		Ahmet Erdem	No	Board member
Corporate Governance Committee		Ahmet Erdem	Yes	Board member
Corporate Governance Committee		Mehmet Tanju Ula	No	Board member
Corporate Governance Committee		Haluk Dinçer	No	Board member
Corporate Governance Committee		Tomio Fukuzumi	No	Board member
Corporate Governance Committee		Neslihan Döngel Özlem	No	Not board member
Corporate Governance Committee		Elif Küçükçobanoğlu	No	Not board member
Committee of Early Detection of Risk		Ahmet Erdem	Yes	Board member
Committee of Early Detection of Risk		Tomio Fukuzumi	No	Board member
Committee of Early Detection of Risk		Sakine Şebnem Önder	No	Board member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report/Corporate Governance Compliance Report/ Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report/Corporate Governance Compliance Report/Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Annual Report/Corporate Governance Compliance Report/Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report/Corporate Governance Compliance Report/ Early Identification of Risk Committee
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report/Corporate Governance Compliance Report/Corporate Governance Committee
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report/Key Financial and Operational Indicators and Board of Directors' Annual Report/Financial Indicators/ Evaluation of Activities in the Reporting Period
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	About Us/Ethical Principles and Policies
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report/Corporate Governance Compliance Report/ Financial Rights

CORPORATE GOVERNANCE COMPLIANCE REPORT AND
CORPORATE GOVERNANCE COMPLIANCE INFORMATION FORM

Composition of Board Committees-II					
Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee		100%	100%	4	5
Corporate Governance Committee		67%	33%	4	6
Committee of Early Detection of Risk		67%	33%	4	6

Public Disclosure Platform (KAP) link: <https://www.kap.org.tr/en/Bildirim/1260040>

SUSTAINABILITY COMPLIANCE REPORT

2023 Sustainability Compliance Report

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
Sustainability Compliance Report						
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Goals						
A1.1. The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	X				SOLO	1. 2023 Annual Report (Sustainability Approach, page.24) 2. 2022 Management Fundamentals Report (Page.3-8) 3. 2022 Sustainability Report (Page.66) 4. 2022 CDP Report- Climate Change, C2.1, C2.1a, C2.1b, C2.2, C2.2a, 5. 2022 CDP Report- Water Security W3.3, W3.3c, W4.1-W4.2c, W4.3-W4.3b
A1.1. The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	X				SOLO	1. 2022 Sustainability Report (Page-10) 2. 2022 Management Fundamentals Report (Page-3) 3. https://www.brisa.com.tr/hakkimizda/etik-ilkeler-ve-politikalar/ (It is given on our Ethical Principles and Policies tab in our website)
A1.2. The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	X				SOLO	1-2022 Sustainability Report (Page. 14-15) 2- https://www.brisa.com.tr/hakkimizda/etik-ilkeler-ve-politikalar/ (It is given on our Ethical Principles and Policies tab in our website)
A2. Implementation/Monitoring						
A2.1. The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	X				SOLO	1. 2022 Sustainability Report (Page.11) 2. 2022 CDP Report- Climate Change C1.1, C1.1a, C1.1b, C1.2, C1.2a, C1.3, C1.3a 3. 2022 CDP Report- Water Security W6.2, W6.4a, W6.6, W10.1-W10.2
A2.1. The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	X				SOLO	2022 Sustainability Report (Page.11)
A2.2. In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	X				SOLO	2022 Sustainability Report (Page.14-15)
A2.3. The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	X				SOLO	1. 2022 Sustainability Report (Page.58-65) 2. 2022 CDP Report- Climate Change C4.1, C4.1a, C4.1b, C4.1c, C4.2, C4.2a, C4.2b, C4.2c 3. 2022 CDP Report- Water Security W8.1, W8.1a, W.8.1b
A2.4. The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	X				SOLO	1. 2022 Sustainability Report (Page.40-41) 2. 2022 Management Fundamentals Report (Page-9)

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A3. Reporting						
A3.1. The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	X				SOLO	1. 2023 Annual Report (Sustainability, page.88-101)
A3.2. The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X				SOLO	1.2022 Sustainability Report (Page.13)
A3.3. The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.	X				SOLO	1. 2022 Sustainability Report (Page. 58-65) 2. 2022 Management Fundamentals Report (Page-14)
A4. Verification						
A4.1. The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.	X				SOLO	Brisa has ISO 14046 and ISO 14064 certificates. Brisa has GDS 3000 certificate for 2022 Sustainability Report data. 2022 Sustainability Report (Page.81)
B. ENVIRONMENTAL PRINCIPLES						
B1. The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	X				SOLO	Brisa is the first company in TR and 2nd. Company in Europe which has ISO 14001 certificate. 1. 2022 Sustainability Report (Page.83) 2. 2022 Management Fundamentals Report (Page-9)
B2. The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	X				SOLO	1. 2022 Sustainability Report (Page.83) 2. 2022 Management Fundamentals Report (Page-9, 12)
B4. The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	X				SOLO	1. 2022 Sustainability Report (Page.83, Governance Part, Items 1,2) 2. 2022 CDP Report- Climate Change C1.3
B5. How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	X				SOLO	1-2022 Sustainability Report (Page.9-15, Page. 28-42)
B7. The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X				SOLO	CDP Supplier Engagement Global Leaders. 1. 2022 Sustainability Report (Page-2,14,10) 2. 2022 Management Fundamentals Report (Value Chain, Page.9), (Responsible Supply Chain Practices, Page-10) 3. 2022 CDP Report- Climate Change- C12.1, C12.2a, C12.3, C12.3c, C12.4 5.

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B8. Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X				SOLO	1. 2022 Management Fundamentals Report (Our Stakeholders, Page.7) 2-2022 CDP Report- Climate Change-C12.3, C12.3c, C12.3f
B9. In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.	X				SOLO	1. 2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 CDP Report- Climate Change-C6.1, C6.3. C6.5, C8.2a , C8.2c 3. 2022 CDP Report- Water Security-W8.1a, W8.1b
B10. Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.	X				SOLO	1. 2022 Sustainability Report (Appendix-1: Brisa 2022 Sustainability Report – Reporting Guidance, Page-69-73) 2. 2022 CDP Report- Climate Change-C5.2a 2022 CDP Report- Water Security-W5.1a
B11. The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	X				SOLO	1. 2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 Sustainability Report (Target Tables, Environmental Indicators, Page-14)
B12. The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.	X				SOLO	1. 2022 Sustainability Report (TCFD, Page-66) 2. 2022 CDP Report Climate Change- C2.1, C2.3, C2.3a, C2.4, C2.4a 3. 2022 Management Fundamentals Report (Corporate Governance Page..2-5)
B13. A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	X				SOLO	1-2022 Sustainability Report (Energy and Emission Management, Page- 29-31)
B14. The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.	X				SOLO	1. 2022 Sustainability Report (Environmentally Friendly Products & Services, Page-41)
B14. The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.	X				SOLO	1. 2022 Management Fundamentals Report (Value Chain, Page.9), (Responsible Supply Chain Practices, Page-.10) 2. 2022 Sustainability Report (Our Sustainability Approach, Page-9-10)
B15. The environmental benefits/ gains and cost savings of initiatives/ projects that aims reducing environmental impacts have been disclosed.	X				SOLO	1. 2022 Sustainability Report (Economic Performance Indicators, Page- 59) 2. 2022 CDP Report- Climate Change-C4.3b
B16. The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	X				SOLO	1.2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 CDP Report- Climate Change C5.2, C6.1, C6.2, C6,3

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B17. The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.	X				SOLO	1.2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 CDP Report- Climate Change C8.2a, C8.2d
B18. The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	X				SOLO	1.2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 CDP Report- Climate Change C4.1a, C4.3c
B19. The renewable energy production and usage data has been publicly disclosed.	X				SOLO	1. 2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 CDP Report- Climate Change C4.1a, C4.3c
B20. The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	X				SOLO	1. 2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 CDP Report- Climate Change C4.3c, C7.9a
B21. The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	X				SOLO	1. 2022 Sustainability Report (Environmental Performance Indicators, Page-58,59) 2. 2022 CDP Report- Water Security W1.2
B22. The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).	X				SOLO	1. 2022 CDP Report- Climate Change, C2.2, C2.2a
B23. The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.	X				SOLO	1. 2022 CDP Report- Climate Change, C2.2, C2.2a
B24. If carbon pricing is applied within the Company, the details have been disclosed.	X				SOLO	1. 2022 CDP Report- Climate Change, C2.2, C2.2a
B25. The platforms where the Company discloses its environmental information have been disclosed.	X				SOLO	2022 Management Fundamentals Report (Our Corporate Memberships Page-15)

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C. SOCIAL PRINCIPLES						
C1. Human Rights and Employee Rights						
C1.1. The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	X				SOLO	1. 2022 Sustainability Report (Sustainability Performance Indicators, Additional Information Item 9, Page-83) 2. 2023 Annual Report (Corporate Governance Compliance Report 4.4.Codes of Conduct and Social Responsibility, page.110-128)
C1.2. Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	X				SOLO	1. 2022 Management Fundamentals Report Value chain, Page.9), (Responsible Supply Chain Practices, Page.10) 2. 2023 Annual Report (Human Resources, page.78-83; Corporate Governance Compliance Report 4.4.Codes of Conduct and Social Responsibility, page.110-128)
C1.3. The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	X				SOLO	1. 2022 Management Fundamentals Report Value chain, Page.9), (Responsible Supply Chain Practices, Page.10) 2. 2022 Sustainability Report (Our Sustainability Approach, Page, 9-10)
C1.4. The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.	X				SOLO	1.2023 Annual Report (Corporate Governance Compliance Report 4.3. Human Resources Policy and 4.4.Codes of Conduct and Social Responsibility, page.110-128)
C1.5. Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	X				SOLO	1. 2023 Annual Report (Human Resources, page.78-83) 2. 2022 Sustainability Report (Smart Culture, Page.47-50) 3. 2022 Management Fundamentals Report (Employee Rights, Page.14)
C1.5. The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	X				SOLO	1-2023 Annual Report Corporate Governance Compliance Report 4.4. Codes of Conduct and Social Responsibility, page.110-128) 2. 2022 Management Fundamentals Report (Employee Rights, Page.14)

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1.5. The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	X				SOLO	1. 2022 Sustainability Report (Smart Culture Page, 47-50)
C1.6. The occupational health and safety policies have been established and disclosed.	X				SOLO	2022 Management Fundamentals Report (Occupational Health and Safety, Page.13)
C1.6. The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	X				SOLO	1. 2022 Management Fundamentals Report (Occupational Health and Safety, Page.13) 2. 2022 Sustainability Report (Social Performance Indicators, Page.61)
C1.7. The personal data protection and data security policies have been established and disclosed.	X				SOLO	2022 Management Fundamentals Report (Employee Rights, Page.14)
C1.8. The ethics policy have been established and disclosed.	X				SOLO	1. 2022 Management Fundamentals Report (Page.5) 2. 2023 Annual Report (Corporate Governance Compliance Report 4.4.Codes of Conduct and Social Responsibility, page.110-128)
C1.9. The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	X				SOLO	1. 2022 Management Fundamentals Report (Page.6) 2. 2023 Annual Report (Corporate Governance Compliance Report 4.4.Codes of Conduct and Social Responsibility, page.110-128)
C1.10. The informative meetings and training programs related to ESG policies and practices have been organized for employees.	X				SOLO	1. 2022 Sustainability Report (Our Sustainability Approach, Page,9-10) 2. 2022 Sustainability Report (Smart Culture, Page-47-50)

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C2. Stakeholders, International Standards and Initiatives						
C2.1. The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	X				SOLO	1. 2022 Sustainability Report (Our Customers Page-46) 2. 2023 Annual Report (Domestic Distribution and Sales Channel Management, page .66-67; Domestic Marketing and Sales, page.68-71)
C2.2. The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	X				SOLO	2022 Management Fundamentals Report (Our Stakeholders, Page.7-8)
C2.3. The international reporting standards that adopted in reporting have been explained.	X				SOLO	2022 Sustainability Report (About the report, Page.1)
C2.4. The principles adopted regarding sustainability,the signatory or member international organizations, committees and principles have been disclosed.	X				SOLO	1. 2022 Sustainability Report (Our Sustainability Approach, Page-8-15) 2. Management Fundamentals Report (Our Corporate Memberships Page.15)
C2.5. The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.	X				SOLO	1.2022 Sustainability Report (Our Sustainability Approach, Sustainability Management, Page-9) 2. 2023 Annual Report (Sustainability, s-.88-101)
D. CORPORATE GOVERNANCE PRINCIPLES						
D1. The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	X				SOLO	1. 2023 Annual Report (Sustainability, s-.88-101)
D2. The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	X				SOLO	1. 2023 Annual Report (Corporate Governance Compliance Report 4.4. Codes of Conduct and Social Responsibility, page.110-128) 2. 2023 Annual Report (Sustainability, s-.88-101)

Public Disclosure Platform (KAP) link: <https://www.kap.org.tr/en/Bildirim/1260038>

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 Shareholders of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the annual report of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (together will be referred as "the Group") for the period between 1 January 2023 and 31 December 2023, since we have audited the complete set consolidated financial statements for this period.

In our opinion, the consolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical principles regarding independent audit of financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of consolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Group for the period between 1 January 2023 and 31 December 2023 on 18 March 2024.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting in Capital Markets numbered II - 14.1 (the "Communiqué"), the Group's management is responsible for the following regarding the annual report:

- The Group's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- The Group's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated financial position of the Group accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Group's consolidated financial statements. The annual report shall also clearly indicates the details about the Group's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- The annual report also includes the matters below:
 - Significant events occurred in the Group after the reporting period,
 - The Group's research and development activities.
 - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the audited consolidated financial statements of the Group and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the consolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Hakan Ölekli, SMMM
Partner
18 March 2024
Istanbul, Türkiye

2023 ORDINARY GENERAL ASSEMBLY MEETING AGENDA

- Opening and Election of the Presidential Board,
- Presentation and discussion of the Board of Directors' Annual Report, covering the activities and the financial results of the year 2023,
- Presentation of the opinion part of the Auditor's Reports related to the fiscal year 2023,
- Presentation, discussion and approval of the year 2023 Financial statements,
- Presenting the assignment of the Board Members who were elected to serve due to vacancy in the board membership within the activity year, to the approval of General Assembly,
- Release of the Board of Directors for the activities of the Company in 2023,
- Discussion and resolution of the Board of Directors' proposal in relation with the use of 2023 year profits, distribution and dividend rates of the same,
- Election of the Board of Directors and deciding the tenure of the elected Board of Directors and informing the General Assembly about the conformity received from the Capital Markets Board regarding the Independent Board member nominees,
- Resolution of the wage and per diem fee and premium rights of Board of Directors,
- Election of the Auditor,
- Informing the General Assembly regarding donations and aids made in 2023,
- Deciding the Company donation limit for the year 2024,
- Providing the respective permissions to the Board of Directors Chairman and Members for performing the transactions stipulated under the Articles 395 and 396 of the Turkish Commercial Code,
- Best wishes and kind regards.

2023 PROFIT DISTRIBUTION PROPOSAL**The Board of Directors' Profit Distribution Proposal to be Submitted at the 2023 Ordinary General Assembly Meeting to be Held on April 19, 2024**

1. Paid-In / Issued Capital	305,116,875.00
2. Total Legal Reserves (According to Legal Records)	354,489,836.23

If there is a privilege in dividend distribution in accordance with the Articles of Association, information on such privilege None

	Based on CMB Regulations	Based on Legal Records
3. Current Period Profit	3,288,779,914.00	2,568,057,858.70
4. Taxes Payable (-)	683,787,560.00	-73,826,498.28
5. Net Current Period Profit (=)	3,985,644,200.00	2,494,231,360.42
6. Losses in Previous Years (-)	-	-
7. Primary Legal Reserve (-)	-	-
8. NET DISTRIBUTABLE CURRENT PERIOD PROFIT (=)	3,985,644,200.00	2,494,231,360.42
9. Donations Made During The Year (+)	11,032,260.29	
10. Donation-Added Net Distributable Current Period Profit on which First Dividend Is Calculated	3,996,676,460.29	
11. First Dividend to Shareholders	15,255,843.75	
-Cash	15,255,843.75	
-Bonus Issues	-	
- Total	15,255,843.75	
12. Dividend Distributed to Owners of Privileged Shares	-	
14. Dividend to Owners of Usufruct	164,438,995.70	
15. Second Dividend to Shareholders	1,020,310,830.00	
16. Secondary Legal Reserves	118,474,982.57	
17. Statutory Reserves	-	-
18. Special Reserves	-	-
19. EXTRAORDINARY RESERVES	2,667,163,547.98	1,175,750,708.40
20. Other Distributable Resources	-	-
-Profit of the Previous Year	-	-
-Extraordinary Reserves	-	-
-Other	-	-

DIVIDEND TO SHAREHOLDERS (TL)

	DIVIDEND TO SHAREHOLDERS		DIVIDEND TO SHAREHOLDERS / NET DISTRIBUTABLE PROFIT	DIVIDEND PER 1 TL NOMINAL SHARE	
	CASH (TL)	BONUS ISSUES (TL)		AMOUNT (TL)	RATE (%)
GROSS	1,035,566,673.75	-	25.98	3.39400	339.400
NET*	932,010,006.38	-	23.32	3.05460	305.460

*Net calculation is based on the assumption of 10% income tax withholding. Withholding tax will be withheld at a rate varying according to the legal status of the shareholders and related double taxation avoidance agreements.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Convenience Translation into English of the Consolidated Financial Statements as at and for the Year Ended 31 December 2023 with Independent Auditor's Report

(Originally issued in Turkish)

18 March 2024

This report includes 5 pages of independent auditor's report and 95 pages of consolidated financial statements together with their explanatory notes.



CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY

PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including *Independence Standards*) ("POA's Code of Ethics") and the ethical principles regarding independent audit of consolidated financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. These matters were addressed in the context of our 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.

Revenue recognition

Refer to Note 2.4.2 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.



The key audit matter	How the matter was addressed in our audit
<p>Revenue of the Group mainly comprised of the sale of tyres.</p> <p>The Group recognize revenue when the Group fulfill the performance obligation by transferring the committed product or service or the Group recognize revenue throughout the period.</p> <p>The recognition of revenue in the period when the product is sold is related to the sales contract of the product and depends on the proper evaluation of the control over the terms of the contract. Therefore, there is a risk that revenue may not be recognized in the proper period or amount for those may be returned from the delivered products or those whose invoices have not yet been issued to the customer.</p> <p>Due to the nature of the Group's activities and the size of its operations, the revenue recognition was identified as one of the key audit matters, as there may be a risk of improper revenue recognition in the incorrect accounting period and with an incorrect amount.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none"> Assessing the design and implementation of the key internal controls over sales. Assessing of the compliance of the accounting policies applied by the Group with TFRS 15 by examining the contracts selected on a sample basis from the grouped sales contracts. Inspecting, on a sampling basis, relevant underlying documentation for revenue recognition in order to assess whether the revenue recognition are properly accounted for in the appropriate financial period and in compliance with the accounting policies. Obtaining confirmation letters for trade receivables, on a sample basis, and performing reconciliations of account balances received in the confirmation letters and consolidated financial statements. Performing analytical procedure to identify any unusual transaction. Inspecting relevant underlying documentation for sales returns on subsequent period in order to assess whether the revenue sales returns are properly accounted in the appropriate financial period. Inspecting the journal entries posted by the Group regarding the revenue within the reporting period. <p>Assessing the appropriateness and adequacy of the disclosures in the consolidated financial statements of the Group with the disclosures required in accordance with TFRS 15.</p>

Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"

Refer to Note 2.1 to the consolidated financial statements for summary of significant accounting policies Application of TAS 29, "Financial Reporting in Hyperinflationary Economies".



The key audit matter	How the matter was addressed in our audit
<p>Since the Group's functional currency ("Turkish Lira") is considered to be the high inflationary economy currency as of December 31, 2023, the Group has started to apply the "TAS 29 Financial Reporting in Hyperinflationary Economies" ("TAS 29") standard.</p> <p>In accordance with the application of TAS 29, the current period consolidated financial statements and the comparative consolidated financial statements are prepared in terms of the purchasing power index of the Turkish Lira at the end of the reporting period, adjusted for the effect of inflation, using the Turkish Consumer Price Indexes to reflect the changes in the general purchasing power of the Turkish Lira.</p> <p>Considering the significant impact on the Group's consolidated financial information, we identified the application of TAS 29 as a key audit matter.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none"> • Understanding the process related to application of TAS 29. • Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29. • Inspecting whether application of TAS 29 were applied consistently in the comparative financial statements of the current period. • Evaluate the completeness and accuracy of the calculations and obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documents on a sample basis, • Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute, • Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

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

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.



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

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.
- Obtain an understanding of 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 18 March 2024.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Hakan Ölekli, SMMM
Partner
18 March 2024
Istanbul, Türkiye

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BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Audited Consolidated Statement of Financial Position as at 31 December 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited	Audited
		Current Period 31 December 2023	Prior Period 31 December 2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	13.123.149.970	6.001.849.193
Financial Investments	4	1.332.023.910	2.045.833.748
Trade Receivables	7	3.818.938.176	3.954.187.019
Trade Receivables from Related Parties	27	359.684.414	340.597.142
Trade Receivables from Third Parties		3.459.253.762	3.613.589.877
Other Receivables	8	66.955.402	41.632.543
Other Receivables from Related Parties	27	549.681	252.541
Other Receivables from Third Parties		66.405.721	41.380.002
Derivative Financial Instruments	6	83.216.667	125.059.733
Inventories	9	3.287.820.389	4.045.055.057
Prepaid Expenses	10	243.000.629	238.177.470
Current Tax Assets	25	12.743.451	716.336
Other Current Assets	18	61.728.150	99.180.864
Total Current Assets		22.029.576.744	16.551.691.963
Non-Current Assets			
Trade Receivables	7	-	2.620.252
Other Receivables	8	207.684	370.545
Other Receivables from Related Parties	27	-	-
Other Receivables from Third Parties		207.684	370.545
Derivative Financial Instruments	6	1.204.307.490	3.412.453.475
Property, Plant and Equipment	11	12.209.550.177	11.631.747.134
Right of Use Assets	12	88.037.003	72.428.113
Intangible Assets	13	968.238.265	870.018.129
Goodwill	14	63.696.136	63.696.136
Other Intangible Assets		904.542.129	806.321.993
Prepaid Expenses	10	241.073.970	215.518.736
Deferred Tax Assets	25	319.117.281	-
Total Non-Current Assets		15.030.531.870	16.205.156.384
TOTAL ASSETS		37.060.108.614	32.756.848.347

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Audited Consolidated Statement of Financial Position as at 31 December 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited	Audited
		Current Period 31 December 2023	Prior Period 31 December 2022
LIABILITIES			
Current Liabilities			
Short-term Borrowings	5	383.220.128	3.040.721.759
Short-term Portion of Long-Term Borrowings	5	9.386.601.859	5.416.837.652
Trade Payables	7	6.428.602.127	7.210.110.087
Trade Payables to Related Parties	27	2.296.078.075	2.446.696.244
Trade Payables to Third Parties		4.132.524.052	4.763.413.843
Payables Related to Employee Benefits	17	148.411.297	186.489.885
Other Payables	8	117.562.000	84.311.637
Other Payables to Related Parties	27	3.179.427	3.328.622
Other Payables to Third Parties		114.382.573	80.983.015
Derivatives	6	122.817.512	69.811.997
Deferred Income	10	296.446.469	172.030.392
Current Tax Liability	25	11.442.625	7.682.564
Short-term Provisions		384.340.862	285.048.976
Short-term Provisions for Employee Benefits	17	208.344.479	142.757.276
Other Short-term Provisions	15	175.996.383	142.291.700
Other Current Liabilities		11.168.182	16.859.183
Total Current Liabilities		17.290.613.061	16.489.904.132
Non-Current Liabilities			
Long-term Borrowings	5	5.842.234.900	2.796.169.400
Long-term Provisions		481.103.283	954.144.934
Long-term Provisions for Employee Benefits	17	481.103.283	954.144.934
Deferred tax liabilities		-	899.965.759
Total Non-Current Liabilities		6.323.338.183	4.650.280.093
Total Liabilities		23.613.951.244	21.140.184.225
EQUITY			
Equity of the Parent Company			
Share Capital	19	305.116.875	305.116.875
Adjustment to Share Capital	19	5.575.525.045	5.575.525.045
Share Premium	19	80.068	80.068
Accumulated Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss			
Hedging Reserve (Losses) / Gains	19	(78.403.317)	314.381.498
Foreign Currency Conversion Adjustments		(1.291.145)	(5.894.487)
Accumulated Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss			
Actuarial (Losses)/ Gains	19	(495.665.871)	(485.889.919)
Restricted Reserves	19	1.624.287.531	1.430.438.253
Retain Earnings		2.454.687.378	1.884.610.721
Net Income for The Period		3.985.644.200	2.509.042.736
Not Controlling Interest		76.176.606	89.253.332
Total Equity		13.446.157.370	11.616.664.122
TOTAL LIABILITIES AND EQUITY		37.060.108.614	32.756.848.347

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Audited Consolidated Statement of Profit Or Loss for the Year Ended 31 December 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited	
		Current Period 1 January- 31 December 2023	Current Period 1 January- 31 December 2022
Sales	20	26.498.269.397	26.863.170.153
Cost of Sales (-)	20-21	(19.999.236.481)	(20.908.956.178)
GROSS PROFIT		6.499.032.916	5.954.213.975
General Administrative Expenses (-)	21	(965.777.027)	(736.928.554)
Marketing Expense (-)	21	(2.639.941.054)	(2.441.537.432)
Research and Development Expenses (-)	21	(94.575.080)	(62.436.746)
Impairment Loss on Trade Receivables, net (-)	21	(43.283.836)	(48.418.943)
Other Operating Income	22	1.708.002.456	937.346.371
Other Operating Expenses (-)	22	(2.424.869.960)	(2.129.130.843)
OPERATING PROFIT		2.038.588.415	1.473.107.828
Income From Investing Activities	23	555.718.873	172.515.298
Expenses From Investing Activities (-)	23	(11.761.135)	(215.605)
PROFIT BEFORE FINANCIAL EXPENSES		2.582.546.153	1.645.407.521
Financing Income	24	2.046.738.038	1.237.606.025
Financing Expenses (-)	24	(3.105.495.151)	(1.616.845.491)
Net monetary position gain		1.764.990.874	1.551.494.778
PROFIT BEFORE TAX		3.288.779.914	2.817.662.833
Taxation on Income (-)		683.787.560	(308.169.865)
Current Tax Expense (-)	25	(398.600.672)	(46.275.709)
Deferred Tax Income / Expense (-)	25	1.082.388.232	(261.894.156)
PROFIT FOR THE PERIOD		3.972.567.474	2.509.492.968
DISTRIBUTION OF PROFIT FOR THE PERIOD			
- Non-Controlling Shares		(13.076.726)	450.232
- Parent Company Shares		3.985.644.200	2.509.042.736
Earnings per share	26	12,524	7,761
Diluted earnings per share		12,524	7,761

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Audited Consolidated Statement of Other Comprehensive Income for the Year Ended 31 December 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

Notes	Audited	Audited
	Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
PROFIT FOR THE PERIOD	3.972.567.474	2.509.492.968
OTHER COMPREHENSIVE INCOME:		
Items that will never be reclassified to profit or loss	(9.775.952)	(486.351.194)
Actuarial (Losses) / Gains (-)	(13.034.603)	(608.987.734)
Other Comprehensive or Expenses That Will Not Be Reclassified to Profit or (Loss)		
Deferred Tax Income / (Expense) (-)	25 3.258.651	122.636.540
Items that are or may be reclassified to profit or loss	(388.181.473)	(329.396.621)
Hedging Reserve Gains/ Losses (-)	(526.220.972)	(374.445.489)
Foreign Currency Conversion Adjustments	4.603.342	(6.631.298)
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss (-)		
Deferred Tax Income (-)	25 133.436.157	51.680.166
OTHER COMPREHENSIVE INCOME/ EXPENSE (-)	(397.957.425)	(815.747.815)
TOTAL COMPREHENSIVE INCOME / EXPENSE (-)	3.574.610.049	1.693.745.153
DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME		
- Non-Controlling Shares	(13.076.726)	(747.853)
- Parent Company Shares	3.587.686.775	1.694.493.006

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

Audited Consolidated Statement of Changes in Equity as at and for the Year Ended 31 December 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Share Capital	Adjustment Share Capital	Share Premium	Currency Translation Differences	Hedging Reserve Gains/(Losses)	Actuarial (Losses)/Gains	Restricted Reserves	Retained Earnings	Net Income for The Period	Equity of the Parent Company	Non-Controlling Interests	Shareholders' Equity
Balance on 1 January 2022 (Beginning of the Period)	305.116.875	5.575.525.045	80.068	-	637.146.822	-	1.255.106.328	802.130.135	2.719.110.276	11.294.215.549	-	11.294.215.549
Transfers	-	-	-	-	-	-	175.331.925	2.543.778.351	(2.719.110.276)	-	-	-
Dividends (*)	-	-	-	-	-	-	-	(1.461.297.765)	-	(1.461.297.765)	-	(1.461.297.765)
Acquisition Effect	-	-	-	(5.894.487)	(322.765.324)	(485.889.919)	-	-	2.509.042.736	1.694.493.006	90.001.185	90.001.185
Total Comprehensive Income	-	-	-	(5.894.487)	(322.765.324)	(485.889.919)	-	-	2.509.042.736	1.694.493.006	(747.833)	1.693.745.153
Balance on 31 December 2022 (End of the Period)	305.116.875	5.575.525.045	80.068	(5.894.487)	314.381.498	(485.889.919)	1.430.438.253	1.884.610.721	2.509.042.736	11.527.410.790	89.253.332	11.616.664.122
Balance on 1 January 2023 (Beginning of the Period)	305.116.875	5.575.525.045	80.068	(5.894.487)	314.381.498	(485.889.919)	1.430.438.253	1.884.610.721	2.509.042.736	11.527.410.790	89.253.332	11.616.664.122
Transfers	-	-	-	-	-	-	193.849.278	2.315.193.438	(2.509.042.736)	-	-	-
Dividends (*)	-	-	-	-	-	-	-	(1.745.116.801)	-	(1.745.116.801)	-	(1.745.116.801)
Total Comprehensive Income	-	-	-	-	(392.784.815)	(9.775.952)	-	-	3.985.644.200	3.587.686.775	(13.076.726)	3.574.610.049
Balance on 31 December 2023 (End of the Period)	305.116.875	5.575.525.045	80.068	(1.291.145)	(78.403.317)	(495.665.871)	1.624.287.531	2.454.687.378	3.985.644.200	13.369.980.764	76.176.606	13.446.157.370

(*) The dividend paid by the Group per share with a nominal value of 1 TL is 3,60 TL gross (2022: 2,02790 TL (Payment date is given by purchasing power)).

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

BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Audited Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

Notes	Audited	
	Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
Net Profit for The Period	3.972.567.474	2.509.492.968
Adjustments to Reconcile Profit for The Period	847.622.362	1.651.088.933
Adjustments Related to Depreciation and Amortization Expenses	21	1.473.942.169
Provisions for Employee Benefits	17	174.390.648
Adjustments Related to Retirement Pay Provision	17	161.874.429
Lawsuit Provision	15	33.161.173
Adjustment Related to Other Provisions	15	65.554.993
Adjustments Related to Doubtful Receivables	7	45.681.426
Interest Income	22-24	(1.545.701.757)
Interest Expense	22-24	2.850.619.594
Unrealized Foreign Exchange Losses / (Gains)		258.632.180
(Gains) / Losses from Derivative Financial Instruments	6	(54.798.925)
Adjustments Related to Tax Expense / (Income)	25	(683.787.560)
Losses / (Gain) on Sale of Property, Plant and Equipment and Intangible Assets, Net	23	11.146.888
Adjustments Related to Losses / (Gains)		(1.150.097)
Impairment on Property, Plant and Equipment and Intangible Assets	9	(3.786.481)
Impairment on Inventories	7	(141.566.947)
Finance expense accruals from credit purchases (net)	7	372.951.645
Finance income accruals from credit sales (net)		(936.026.353)
Adjustments Related to Other Items that Cause Cash Flows from Investing or Financing Activities (*)	32	(1.234.664.760)
Changes In Working Capital	(525.920.875)	(2.400.430.677)
Adjustments Related to Increase / Decreases in Trade Receivables		(158.541.656)
Adjustments Related to Increase / Decreases in Inventory		950.922.103
Adjustments Related to Increase / Decreases in Other Receivables Related to Operations		77.762.884
Adjustments Related to Increase / Decreases in Prepaid Expenses		(30.283.884)
Adjustments Related to Increase / Decreases in Trade Payables		(1.479.650.967)
Adjustments Related to Increase / Decreases in Deferred Income		124.416.077
Adjustments Related to Increase / Decreases in Employee Benefits Payables		(38.078.588)
Adjustments Related to Increase / Decreases in Other Payables Related to Operations		27.533.156
Cash Flows from Operating Activities	(822.544.488)	720.589.692
Collection from doubtful receivables	7	2.397.590
Interest Received		8.593.086
Interest Paid		(68.996.915)
Taxes Paid / Reimbursed		(407.065.099)
Paid / Reversed Provisions		(101.442.573)
Paid / Reversed Lawsuit Provisions	15	(5.586.796)
Retirement Benefits Paid	17	(276.062.587)
Cash Inflows / (Outflows) from Financial Derivatives		25.618.806
A. NET CASH GENERATED FROM OPERATING ACTIVITIES	3.471.724.473	2.480.740.916
Proceeds From Sale of Property, Plant and Equipment and Intangible Assets		2.529.494
Net Cash Effect of Subsidiary Acquisition	3	-
Acquisition of Property, Plant and Equipment and Intangible Assets	4-23	(1.341.010.599)
Change in Financial Investments	23	699.633.432
Interest Received		123.920.288
B. CASH FLOWS FROM INVESTING ACTIVITIES	(69.914.107)	(3.377.850.103)
Proceeds from of Borrowings	5	8.981.623.120
Cash outflows from Repayment of Borrowings	5	(4.103.967.232)
Interest Paid	5	(1.399.317.863)
Interest Received		1.295.071.674
Other Cash Inflows / (Outflows) (*)		2.811.086.850
Cash Outflows from Lease Liabilities	5	(36.683.937)
Cash inflows from Factoring	5	28.814.297
Dividends Paid		(1.745.116.801)
C. CASH FLOWS FROM FINANCING ACTIVITIES	5.831.510.108	1.376.945.561
Net Increase / (Decrease) in Cash and Cash Equivalents before translation effect of foreign currency (A+B+C)	9.233.320.474	479.836.374
D. Translation Effect of Foreign Currency on Cash and Cash Equivalents		-
Inflation effect on cash and cash equivalents		(2.354.056.694)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C+D)	6.879.263.780	(3.060.501.100)
Cash and Cash Equivalents at the beginning of the period	4	5.988.374.533
Cash and Cash Equivalents at the end of the period	4	12.867.638.313
		5.988.374.533

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa" or "Group") was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş.

Brisa is primarily engaged in manufacturing, marketing and selling vehicle tires in Turkey. In 1988, the Group entered into a license agreement with Bridgestone Corporation for the purpose of manufacturing and selling Bridgestone tires.

The control of the Group is jointly held by H.Ö. Sabancı Holding A.Ş. and Bridgestone Corporation.

The Group's employee headcount with indefinite-term employment contract is 3.712 (31 December 2022: 3.712). This number includes, 2.786 employees who are subject to Collective Bargaining Agreement terms (31 December 2022: 820), 906 employees who are not subject to these terms (31 December 2022: 19). There are 20 foreign employees (31 December 2022: 19). In addition, there are 6 employees who is subject to definite-term employment contracts (31 December 2022: 2).

Brisa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in Borsa İstanbul A.Ş. since 1986. As of December 31, 2023, and 31 December 2022, the Group has a 10.24% shareholding in Borsa İstanbul. As at 31 December 2023 and 31 December 2022, the main shareholders and their respective shareholding in the Group are as follows.

	31 December 2023	31 December 2022
	%	%
Hacı Ömer Sabancı Holding A.Ş.	43,63	43,63
Bridgestone Corporation	43,63	43,63
Other	12,74	12,74
Total	100,00	100,00

The gross dividend payment of 3,60 TL per share with a nominal value of 1 TL has been decided with the decision of the Board of Directors of the Group, dated 20 February 2022 and numbered 2023/06. (2022: The gross dividend payment of 2,02790 TL (The payment date is given in purchasing power) dividend payment has been decided) per share with a nominal value of 1 TL has been decided with the decision of the Board of Directors of the Company, dated 18 February 2022 and numbered 2022/06.) The dividend payment was made in cash in March 2023 (2022: The dividend payment was made in cash in March 2022).

The address of the registered office of the Company is as follows:
Küçük Çamlıca Mahallesi Şehit İsmail Moray Sokak
Temsal Sitesi No:2/1 Üsküdar, İstanbul

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance with TFRS

The accompanying consolidated financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRSs") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the Communiqué No: II-14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on June 13, 2013 which is published on Official Gazette No: 28676.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cond't)

2.1 Basis of Presentation (Cond't)

Statement of compliance with TFRS (cond't)

TFRSs comprise Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations issued by POA.

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TFRS Taxonomy" published by POA on April 15, 2019 and the Financial Statement Examples and User Guide published by CMB.

Approval of consolidated financial statements:

The consolidated financial statements for the period 1 January-31 December 2023 have been approved for issue by the Board of Directors on 18 March 2024 and signed on behalf of the Board of Directors by Haluk Kürkcü, General Manager, and Neslihan Döngel Özlem, Chief Financial Officer. The General Assembly of the Group has the right to amend, and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

Measurement principles

The consolidated financial statements are prepared under the historical cost convention, except for financial investments measured at fair value through other comprehensive income and profit or loss. See Note 29 for fair value disclosures.

Functional and presentation currency

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position are expressed in Turkish Lira ("TL"), which is the functional currency of the Group and the reporting currency for the financial statements.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economies are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

Pursuant to the decision of the Capital Markets Board ("CMB") dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.1 Basis of Presentation (cont'd)

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ("CPI") of Türkiye published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Adjustment Coefficient	Three-years compound inflation rates
31.12.2023	1.859,38	1,00000	268%
31.12.2022	1.128,45	1,64773	156%
31.12.2021	686,95	2,70672	74%

In accordance with the POA's "Guidance on Financial Reporting in Hyperinflationary Economies", the financial statements dated January 1, 2022, which are the opening amounts of the comparative financial statements for the financial statements ending on December 31, 2023, are accepted as the opening statement of financial position.

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TL are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power on the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain/loss account in the consolidated income statement.
- All items in the statement of cash flows are expressed in terms of the measuring unit current at the reporting date. For this purpose, all items in the statement of cash flows have been adjusted by applying the relevant adjustment factors from the transaction date.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.1 Basis of Presentation (cont'd)

In the reporting period in which the Group determines that its functional currency is the currency of a hyperinflationary economy and there was no hyperinflation in the previous period, the Group applies the requirements of TAS 29 as if the economy had always been hyperinflationary. Therefore, for non-monetary items measured at historical cost, the opening consolidated statement of financial position at the beginning of the earliest period presented in the Group's consolidated financial statements should be restated to reflect the effects of inflation since the date when assets were acquired, and liabilities were accepted or assumed. For non-monetary items presented at their current amounts in the opening consolidated statement of financial position, this restatement should reflect the effects of inflation from the date when their current values were determined until the end of the reporting period.

The Group has applied TAS 29 in the opening consolidated statement of financial position as of January 1, 2022 and restated the related amounts to reflect the effects of inflation from the date the assets were acquired and liabilities assumed until the end of the reporting period.

As of 1 January 2022, retained earnings amounted to TL 1.567.901.018 before the adjustments made in accordance with TAS 29. As of 1 January 2022, restated amount of retained earnings after the adjustments made in accordance with TAS 29 is TL 802.130.135 with the purchasing power of 31 December 2023.

2.2 Changes in Significant Accounting Policies

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy, or accounting errors identified are applied retrospectively and prior period consolidated financial statements are restated.

2.3 Changes and Errors in Accounting Estimates

Changes in accounting estimates are reflected in the consolidated financial statements in the current period when the change is made, if the change is related to future periods, both in the period in which the change is made and in the future period, to be taken into account in determining the net profit or loss for the period. There has been no significant change in the accounting estimates of the Group in the current accounting period. Significant accounting errors identified are applied retrospectively and prior period consolidated financial statements are restated.

2.4 Summary of Significant Accounting Policies

Consolidation Principles

Subsidiaries

Subsidiaries are Groups over which the Group has control. Group's control: Exposure to variable returns in these Groups is provided by the power to own and direct those returns. Subsidiaries are consolidated using the full consolidation method from the date on which the control passes to the Group. They are excluded from the scope of consolidation as of the date of loss of control.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

Consolidation Principles (cont'd)

The acquisition method is used in accounting for group business combinations. The acquisition cost includes the fair value of the assets transferred at the acquisition date, the liabilities incurred by the former owners of the acquired business and the costs of equity instruments issued by the Group. Acquisition cost includes the fair value of transferred assets and liabilities arising from contingent acquisition agreements.

Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at their fair value at the acquisition date. For each acquisition, the Group's non-controlling interests acquired are accounted for either at their fair value or at their proportional share of the Group's net assets.

The table below shows the subsidiaries and shareholding ratios as of 31 December 2023 and 31 December 2022.

Subsidiaries	31 December 2023	31 December 2022
Arvento Mobil Sistemler A.Ş.	%89	%89
Arvento Kurumsal Hizmetler ve Danışmanlık A.Ş.	%89	%89
Arvento Mobile Systems Services Company LLC	%89	%89
Arvento Mobile Systems GmbH	%89	%89

2.4.1 Amendments published but not yet effective and not early adopted as of 31 December 2023

Changes that have been published but are not yet effective and have not been early implemented.

Some of the new standards, interpretations and amendments that have been issued but are not yet effective and early application is permitted but not early adopted by the Group as of the reporting date are as follows.

Classification of Liabilities as Short or Long Term (Amendments to TMS 1)

Amendments to the "Short- or Long-Term Classification of Liabilities" published by the International Accounting Standards Board (UMSK) on January 23, 2020, in order to clarify the presentation in the statement of financial position regarding the short-term or long-term classification of liabilities according to IAS 1, POA on March 12, 2020, with the title "Amendments to TMS 1 - Classification of Liabilities as Short-Term or Long-Term".

This amendment clarifies the additional explanations regarding the long-term classification of liabilities that the entity can postpone for at least twelve months, and other matters related to the classification of liabilities.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 December 2023 (Cont')

After reconsidering certain aspects of the 2020 changes; The IASB has removed the requirement that a right be unconditional and instead requires that the right to defer settlement has substance and exists at the end of the reporting period. The relevant amendment was published by the POA on 3 January 2023 as "TFRS 2023".

This right may be subject to a company that complies with the terms (contracts) specified in a loan arrangement. Additional disclosures are also required for long-term liabilities subject to future contracts. The amendments also clarify how an entity classifies a debt payable with its own shares.

The Group is required to apply these changes retrospectively from reporting periods beginning on or after 1 January 2024, but early application is permitted. It also specifies transitional provisions for companies that may have early implemented the 2020 amendments that have already been published but have not yet entered into force.

The implementation of this amendment in TAS 1 is not expected to have a significant impact on the Group's consolidated financial statements.

Lease liability in sales and leaseback transactions - Amendments to IFRS 16 Leases

In September 2022, the IASB issued the amendments to the Lease Liability for Sales and Leaseback Transactions - TFRS 16 Leases. Changes to TFRS 16 Leases affect how variable lease payments that arise in a seller-lessee sale and leaseback transaction are accounted for. The changes introduce a new accounting model for variable lease payments and will require seller-lessees to reassess and possibly reorganize sales and leaseback transactions from 2019.

Changes include:

- At initial recognition, variable lease payments are included when the seller-lessee measures the lease liability arising from a sale and leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent recognition of the lease liability, without recognizing any gains or losses on the right of use it holds.

The seller-tenant may apply different approaches in subsequent measurements that meet the new requirements.

These amendments are valid for reporting periods beginning on or after January 1, 2024, with earlier application permitted.

In accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the seller-lessee must apply retrospectively the changes regarding sales and leaseback transactions made after the initial application date of TFRS 16. Sales and leaseback transactions since the implementation of TFRS 16 in 2019 should be identified and re-examined, and those involving variable lease payments should be re-arranged where possible.

The application of this amendment in TFRS 16 is not expected to have a significant impact on the Group's consolidated financial statements.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 December 2023 (Cont')

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

On 25 May 2023, IASB has amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements¹ that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Group is assessing the potential impact of the application of these amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements on its consolidated financial statements.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 December 2023 (Cont')

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on.

The ISSB's first two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies' future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA.

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 December 2023 (Cont')

The new standards, amendments and interpretations that are issued by the IASB but not issued by POA (cont'd)

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable.
- the spot exchange rate used.
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to IAS 21.

Amendments that have been published and effective.

The amendments that have entered into force for accounting periods beginning on or after January 1, 2023, are as follows:

1. Disclosure of Accounting Policies (Amendments to TAS 1)
2. Definition of Accounting Estimates (Amendments to TAS 8)
3. Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to TAS 12 Income Taxes
4. International Tax Reform - Second Pillar Model Rules - Amendments to TAS 12
5. Amendments to IAS 12 BOBI FRS - International Tax Reform - Second Pillar Model Rules

These newly implemented standard amendments did not have a significant impact on the Group's consolidated financial statements.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.2 Revenue

IFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract.

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved, and the parties are committed to their obligations.

If either contract were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identifying the performance obligations.

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

- (a) A performance obligation either a good or service that is distinct
- (b) Or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

If the Company can define a good or service in the contract separately from other commitments in the contract and enables the customer to benefit from the good or service separately or in combination with other resources ready to use, it defines it as a different good or service.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price.

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects the cash selling price of the promised good or service.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.2 Revenue (cont'd)

Variable consideration

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations.

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or,
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has a use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably.

The Group uses costs incurred to measure the progress towards completion of the project where the input method is used and uses units transferred to measure the progress towards completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Group recognizes revenue at the point in time at which it transfers control of the good or service to the customer.

In cases where the costs to be incurred by the Group to fulfill its obligations under the contract exceed the economic benefits expected to be obtained under the contract in question The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Revenues are recognized at the time of transfer of control. Net sales represent the invoiced value of goods sold less sales returns and commissions and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

2.4.3 Inventories

Inventories are valued at the lower cost or net realizable value. Cost elements included in inventories are expenditure incurred in acquiring the inventories, production or conversion costs, foreign currency differences of derivative financial instruments designed as hedging instrument and other costs incurred in bringing them to their existing location and condition. The cost of unproduced finished goods and semi-finished goods includes general overhead expenses in accordance with normal production capacity. The unit cost of inventories is determined on the moving weighted average basis (Note 9). Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are recorded at historical cost. Accordingly, items of property, plant and equipment are accounted for at cost, after deducting accumulated depreciation and impairment, if any (Note 11). Cost refers to expenses directly related to the acquisition of the relevant asset. The cost of assets constructed by the Company includes the following items:

- Material and direct labor costs.
- Costs directly attributable to making the asset operational for the Company's intended use.
- If the Company has an obligation to dispose of the asset or restore the site, the costs of dismantling or restoring its parts, relocating parts and restoring the site where it is located.
- Capitalized borrowing costs.

The purchased software is booked as part of the equipment when it is an integral element for the use of the relevant equipment.

When the parts that make up items of property, plant and equipment have different useful lives, they are booked for as separate parts (significant parts) of the items of property, plant and equipment.

Gains and losses on the disposal of a tangible asset are recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditures and expenses arising from replacing any part of items of property, plant and equipment and maintenance and repair costs can only be capitalized in cases where it is possible to transfer future economic benefits to the Company as a result of these expenditures. All other expenses are recognized in profit or loss when incurred.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.4 Property, plant and equipment(cont'd)

(iii) Depreciation

Items of property, plant and equipment are depreciated as of the day they are available for use and for assets constructed by the Company, on the day these assets are completed and ready for use. Depreciation is calculated using the straight-line method over the estimated useful lives of the items, after deducting the estimated residual values from the costs of the items of property, plant and equipment. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset.

The leased assets are depreciated over the lease term and the shorter of the useful life if the Company does not acquire ownership of the leased asset at the end of the lease with reasonable certainty. Land is not depreciated. The estimated useful lives of property, plant and equipment are as follows:

	Useful Life (Years)
Land and land improvement	10-20
Buildings	4-50
Machinery and equipment	3-20
Motor vehicles	5-10
Furniture and fixtures	5-10
Other	5-10

Any gain or loss from the disposal of an item of property, plant and equipment is determined by comparing the book value with the collected amounts and is recognized in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Normal maintenance and repair expenditures on property, plant and equipment are recognized as expenses. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Large-scale maintenance and repair expenses, including replacement parts changes and labor costs, are capitalized and depreciated over the average lifetime between the next large-scale maintenance.

2.4.5 Intangible assets

Intangible assets include acquired rights, software, licenses, development costs and other identifiable rights. Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method (Note 13).

	Useful Life (Years)
Capitalized development costs	5-10
Rights	5
Other intangible assets	3-10
Customer Contracts	6

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.5 Intangible assets (Cont'd)

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

2.4.6 Cash and cash equivalents

Cash and cash equivalents are reflected in the balance sheet with their cost values. Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments with a definite amount, easily convertible into cash, with an insignificant risk of change in value and with a maturity of 3 months or less (Note 4). In cases where cash and cash equivalents are not impaired for any reason, the Group calculates impairment using the expected credit loss model.

The Group presents the deposits with a maturity of more than 3 months as financial investments in the statement of financial position. Currency Protected TL Time Deposit Account is a deposit product that provides foreign exchange protection in case of higher interest rates at the end of the maturity date of TL-sized USD and Euro exchange rates. Currency protection deposit accounts are accounted for as financial assets at fair value through profit or loss.

2.4.7 Trade Receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the 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. In cases where the trade receivables are not impaired for certain reasons, the Group measures the expected credit loss provision from an amount equal to lifetime expected credit losses. In calculating the expected credit losses, the dealer and customer rating model is taken into consideration, which includes past credit loss experiences and the Group's future forecasts.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.7 Trade Receivables (cont'd)

Those with maturities greater than 1 year are classified as non-current assets. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as income (Note 7).

2.4.8 Maturity difference finance charges / (expenses)

Maturity difference charges /(expenses) represent the income / (expenses) that are resulting from credit purchase or sales. These income / (expenses) are considered as income and expenses which result from credit purchase or sales during the period and included in other operating income / (expense) throughout the maturity period.

2.4.9 Taxes on income

Income tax expense consists of the sum of period tax and deferred tax. Income tax is recognized in profit or loss other than those associated with business mergers or directly with equity or other comprehensive income.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized as temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets are recognized if it is probable that taxable profit will be generated in the future for tax advantages and deductible temporary differences, which will be sufficient to offset them in the future. Taxable profit is determined according to the Group's business plans. Deferred tax assets are reviewed at each reporting date and likely future taxable profits deferred tax asset recognized on previously not being limited to the amount that would be recognized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.9 Taxes on income (cont'd)

2.4.9 Taxes on income

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.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss whether in other comprehensive income or directly in equity.

2.4.10 Borrowings 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 interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred (Note 5).

2.4.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 7).

Those with maturities greater than 1 year are classified as non-current liabilities.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.12 Foreign currency transactions

The financial statements are presented in Turkish Lira ("TL"), which is the functional currency and the presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss statement except when deferred in other comprehensive income according to effectiveness as qualifying cash flow hedges.

Foreign currency differences related with borrowings and cash and cash equivalents are recognized in the financial income / (expense), whereas foreign currency differences related with other monetary assets and liabilities are recognized in the other operating income/(expense) in the statement of profit or loss.

2.4.13 Provisions, contingent assets and liabilities

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

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

When all or part of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingent liabilities are assessed on an ongoing basis to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item that is treated as a contingent liability, the contingent liability is recognized as a provision in the financial statements of the period in which the change in probability occurs, except where no reliable estimate can be made.

An asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity is recognized as a contingent asset. A contingent asset is disclosed in the notes to the financial statements if it is probable that an inflow of resources embodying economic benefits will arise.

The Group discloses a contingent liability when it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation, but no reliable estimate can be made of the amount of the obligation.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.14 Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Vacation pays liability

In accordance with the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Unused leave provision is the earned and unused vacation rights of its employees of the Company, and measured on an undiscounted basis and are recognized in profit or loss as the related service is provided.

Long-term employee benefits

In accordance with the current labor law in Turkey, the Group is obliged to pay certain amounts to employees who have completed 1 year who quit their jobs for reasons such as retirement, military service or death. The provision for severance pays represents the present value of the Group's estimated probable future liability in the event of the retirement of its employees. The provision for severance pays is calculated as if all employees would be subject to such payment and is reflected in the financial statements on an accrual basis. The provision for severance pays is calculated according to the severance pay ceiling announced by the government. As explained in Note 15, the management of the Group used some estimates in the calculation of the provision for severance pay.

All actuarial gains and losses are accounted under the other comprehensive income.

2.4.15 Share Capital

Ordinary shares are classified as equity. Dividends payables are recognized in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.16 Earnings per share

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

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported (Note 26).

2.4.17 Related Parties

a) A person or a member of that person's close family is related to the Company in the following cases:

- (i) Having control or joint control over the company,
- (ii) In case of having significant influence over the Company,
- (iii) In case of being a member of the Company of Company's main ownership's key management personnel.

b) If any of the following conditions are met, the entity is counted as related with the Company:

- (i) In case of, Entity and the Company are members of the same group.
- (ii) In case of entity is another company's subsidiary or joint venture (or in case of a membership of a groups' member)
- (iii) In case of both the companies having a business partnership with the same third party,
- (iv) One of the companies having a business partnership with a third party and the other company is a subsidiary of that third party,
- (v) In case of having Entity's, Company's or the associated Company's employees having a post-employment defined benefit plans (In case of Company has such a plan, the sponsoring companies are also related with the Company).
- (vi) Company's control or jointly controlled by a person identified in the article (a),
- (vii) A person who is identified as in (a) article, at (i) part, in the presence of a significant impact on a person's business or such entity (or of a parent of these businesses) in the case of being a member of the key management personnel.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.17 Related Parties (cont'd)

In terms of these consolidated financial statements, the partners, Hacı Ömer Sabancı Holding A.Ş. Group companies, Bridgestone Corporation Group companies, the Group's senior management staff, their families and companies controlled by or affiliated with them, affiliates and partnerships are considered and expressed as related parties. The Group has determined the senior management staff as the members of the board of directors and the executive board (Note 27).

2.4.18 Financial instruments

I. Recognition and initial measurement

The Group records its trade receivables on the date they are incurred. The Group recognizes all other financial assets and liabilities only and only on the date of the transaction in which it becomes a party to the contractual terms of the financial instrument.

In the initial measurement of financial assets (other than trade receivables that do not have a significant financing component) and financial liabilities other than those at fair value through profit or loss, the transaction costs directly attributable to their acquisition or issuance are added to the fair value. Trade receivables that do not have a significant financing component are measured at the transaction price at initial recognition.

ii. Classification and subsequent measurement

On initial recognition, a financial instrument is classified as specified; measured at amortized cost; Those measured at fair value through other comprehensive income - investments in debt instruments, those measured at fair value on other comprehensive income - investments in equity instruments or those measured at fair value through profit or loss.

After initial recognition, financial instruments are not reclassified unless the Group changes the business model used for the management of financial assets.

Financial assets are not reclassified after initial recognition unless the Group changes its business model to manage the financial assets. In this case, all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if both of the following conditions are met, and it is not classified as fair value ("VAR") at profit or loss:

- Holding the financial asset under a business model aimed at collecting contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows on specified dates that include only payments of principal and interest on the principal balance.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met and it is not classified as at fair value through profit or loss:

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

– Holding the financial asset under a business model aimed at collecting contractual cash flows and selling financial assets; and

– The contractual terms of the financial asset give rise to cash flows on certain dates that include only payments of principal and interest on the principal balance.

In the initial recognition of investments in equity instruments that are not held for trading, an irrevocable choice may be made to present subsequent changes in fair value in other comprehensive income. The choice of this preference can be made on the basis of each investment.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. These include all derivative financial assets. At the initial recognition of financial assets, a financial asset is irreversibly recognized at fair value, provided that it eliminates or significantly reduces an accounting mismatch that would result from measuring financial assets differently and recognizing gains or losses on them differently. or can be defined as measured through loss.

Financial assets - Evaluation of the business model

The Group considers the purpose of holding a financial asset at the portfolio level so that its business model best reflects the way assets are managed and the information provided to management. The information covered includes:

- Policies and targets set for the portfolio and the use of these policies in practice. These include whether management's strategy focuses on generating contractual interest income, continuing to enjoy a specified interest rate, matching the maturity of financial assets with the maturity of the liabilities funding those assets, or realizing cash flows through the sale of assets.
- The business model and how the performance of financial assets held within the scope of the business model is reported to the Group management.
- Risks affecting the performance of the business model (financial assets held under the business model), and in particular the way these risks are managed.
- How the additional payments to business managers are determined (for example, whether the bonuses are based on the fair value of the assets managed or the contractual cash flows collected) and the frequency, value, timing and reason for sales in prior periods and future sales prospects.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Transfers of financial assets to third parties in transactions that are not eligible for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of its assets in its consolidated financial statements.

Financial assets held for trading or managed on a fair value basis and whose performance is evaluated on this basis are classified as measured at fair value through profit or loss.

Financial assets – Evaluate whether there are contractual cash flows that include only principal and interest payments on the principal balance:

For the purposes of this assessment, the principal is the fair value of the financial asset at initial recognition in the consolidated financial statements. Interest: It consists of the time value of money, the credit risk of the principal balance for a given time period, other key lending risks and costs (for example, liquidity risk and management costs), and the profit margin.

In assessing whether the contractual cash flows are only contractual cash flows that include payments of principal and interest on the principal balance, the Group relies on the characteristics of the contractual cash flows. This assessment requires evaluating whether the financial asset contains contractual terms that change the timing or amount of contractual cash flows so that they do not meet this condition. In making this assessment, the Group considers the following:

- Any contingent event (i.e., a triggering event) that could change the timing or amount of the contractual cash flows.
- Terms that adjust the contractual coupon rate, including variable rate features.
- Features that allow early payment and extend the maturity.
- Terms that restrict the Group's contractual rights to receive cash flows from certain assets (for example, non-recourse).

The prepayment feature is consistent with the criterion of paying only principal and interest on the principal balance if, where the contract is terminated prematurely, prepaid amounts that include reasonable consideration substantially reflect the outstanding amount of principal and interest on the principal balance.

In addition, if (i) the financial asset is received at a premium or discount to its contractual face value, (ii) the prepaid amounts, including a reasonable surcharge if the contract is terminated prematurely, substantially reflect the contractual face value and accrued (but unpaid) interest, and (iii) if the fair value of the prepayment feature is immaterial at initial recognition, it is considered to meet this criterion.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Financial assets – Subsequent measurement and gains or losses:

Financial assets measured at fair value through profit/loss.

These assets are measured at their fair value in subsequent measurements. Net gains and losses related to them, including any interest or dividend income, are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.

Financial assets measured at fair value through profit/loss.

Financial assets measured at amortized cost.

These assets are subsequently measured at amortized cost using the effective interest method. Amortized costs, if any, are reduced by the number of impairment losses. Interest income, foreign currency gains and losses and impairments are recognized in profit or loss. Gains or losses resulting from their derecognition are recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost and at fair value through profit or loss.

A financial liability is classified as at fair value through profit or loss if it meets the definition of held for trading. A financial liability is classified as a financial liability held for trading if it is a derivative or designated as such at initial recording. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including interest income, are recognized in profit or loss.

Other financial liabilities, after initial recognition, are measured at effective interest rates and amortized cost values of future principal and interest cash flows, less any impairment. Interest expenses and foreign exchange differences are recognized in profit or loss. Gains or losses resulting from derecognition of these liabilities are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.

iii. Financial derecognition

Financial assets

When the contractual rights to the cash flows related to the financial asset expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial asset, or when it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, derecognizes the financial asset if it does not continue to have control over the financial asset.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

iii. Financial derecognition (cont'd)

If the Group continues to retain substantially all the risks and rewards of ownership of a financial asset, it continues to recognize the financial asset in the statement of financial position.

Financial liabilities

The Group derecognizes financial liability and only when the liability for the liability is eliminated or canceled. In addition, the Group derecognizes a financial liability in the event of a material change in the terms or cash flows of an existing financial liability. Instead, it requires the recognition of a new financial liability at its fair value based on the modified terms.

On derecognition of a financial liability, the difference between it carrying amount and the amount paid for this liability (including any non-cash assets transferred or any liabilities assumed) is recognized in the consolidated financial statements as profit or loss.

iv. Offsetting of financial assets and liabilities

The Group offsets its financial assets and liabilities and presents the net amount in its consolidated financial statements only when it has a legal right to offset, and it intends to settle the transaction on a net basis or to realize the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

TFRS 9 also includes new hedge accounting rules aimed at aligning hedge accounting with risk management practices. TFRS 9 provides the option to defer the adoption of hedge accounting of TFRS 9 and continue to apply the hedge accounting provisions of TAS 39 in the choice of accounting policy. In this context, the Group continues to apply the hedge accounting provisions of TAS 39.

The derivative financial instruments of the Group consist of forward foreign exchange purchase contracts and cross currency and interest swap contracts. The Group hedges its derivative financial instruments (hedging instrument) from cash flow (hedged item) risk from foreign purchases and cash flow (hedged item) risk from floating rate foreign currency loans. At the same time, time deposits are used as a hedging instrument and are used to hedge the exchange rate risk in future raw material purchases.

Derivative financial instruments are initially recorded with their fair values, and in the following periods, fair value is calculated separately for each derivative financial instrument. The accounting method of the resulting profit or loss varies depending on whether the related derivative transaction is for hedging purposes and, if so, the content of the hedged item.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

iii. Financial derecognition (cont'd)

The Group documents the relationship between the hedging instrument and the hedged item at the transaction date, together with the Group's risk management objectives and strategies for hedging transactions. In addition, the Group regularly documents its assessment that derivative transactions used for hedging purposes can effectively offset changes in the fair value of the hedged item.

The effective portion of the fair value changes of derivative financial instruments for cash flow hedging is accounted for under equity. Gains and losses related to the inactive portion are shown directly in the income statement.

Gains and losses related to the ineffective portion of interest rate swaps for hedging the risk of floating rate debts are shown in the income statement. Gains and losses occur on hedged items (when the hedged item is a forecast transaction); Gains and losses previously recognized in equity are transferred to the profit or loss statement in the relevant period. Gains and losses related to the effective portion of cross currency and interest rate swaps for hedging the risk of floating rate debts are presented in the statement of comprehensive income (Note 5).

Hedge accounting is terminated prospectively when the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument expires, or is sold, terminated or used. If cash flow hedge accounting is discontinued, the amount accumulated in the hedge fund continues to be classified in equity until a hedged forecast transaction is recognized in the non-financial item, the cost of the hedge is included directly in the initial cost of the non-financial item or, for other cash flow hedges, the financial The cost of hedging is reclassified to profit or loss in the period or periods in which the estimated future cash flows hedged affect profit or loss.

If the estimated future cash flows that are hedged are no longer expected to occur, the amount accumulated in the hedge fund and the cost of that fund is immediately reclassified to profit or loss.

vi. Impairment

Non-Derivative Financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses for:

– financial and contract assets measured at amortized cost.

The Group measures the following loss allowance at the amount equal to lifetime ECLs:

-Debt instruments determined to have low credit risk at the reporting date, and

–Bank balances for which the credit risk (i.e., the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

vi. Impairment (cont'd)

Measurement of SEEs

The ECAs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. In other words, they are credit losses measured at the present value of all cash deficits (for example, the difference between the contractual cash inflows to the business and the cash flows the business expects to receive).

The Group has calculated the EQUs based on past year's credit losses experience, customers' analysis of their current financial position, and their expectations for the future. The Group performed BKZ rate calculations separately for domestic customers and dealer customers. The Group makes separate assessments for export customers and other private customers and sets aside provisions when deemed necessary.

Considering the receivables remaining after the current collaterals of the dealers, their payment habits, and the credit risk score status of independent credit rating firms, the method of allocation of doubtful receivables provision has been applied.

The cash gap is the difference between the contractual cash flows to the business and the cash flows that the business expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss is incurred even if the entity expects to receive full payment later than the contractual maturity.

EQUs are discounted at the effective interest rate of the financial asset.

Loan impaired financial assets

At the end of each reporting period, the Group assesses whether financial assets measured at amortized cost are impaired. A financial asset is credit impaired when one or more events occur that adversely affect the estimated future cash flows of a financial asset.

Evidence of a financial asset's credit impairment includes the following observable data:

- The borrower or issuer is in significant financial difficulty.
- breach of contract, such as the debtor's default or 30 days past the due date of the financial instrument.
- restructuring of a loan or an advance, subject to conditions that the Group would not consider otherwise.
- The debtor is likely to go into bankruptcy or financial restructuring, or
- The disappearance of an active market for security due to financial difficulties.

Presentation of impairment

Loss provisions for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

vi. Impairment (cont'd)

Write off

In the absence of reasonable expectations of a partial or total recovery of the financial asset's value, an entity reduces the gross carrying amount of the financial asset directly. A write-off is a cause for derecognition.

The Group makes an individual assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group does not anticipate any significant recovery regarding the write-off amount.

However, financial assets written off may still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

2.4.19 Cash flow reporting

In the cash flow statement, cash flows for the period are classified and reported based on operating, investing and financing activities. Cash flows from operating activities represent the cash flows from the Group's main activities.

Cash flows from investing activities represent the cash flows that the Group uses and generates in its investing activities (asset investments and financial investments).

Cash flows from financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Cash and cash equivalents include cash, bank deposits and short-term, highly liquid investments with a maturity of 3 months or less that can be easily converted into cash (Note 4).

2.4.20 Provision for warranty expense

Provision for warranty expense is set aside for returns that may occur as a result of manufacturing defects within the next two years regarding the products sold under warranty by the Group. In addition to the general reserve, the Group has set aside a provision for the files whose files have been accepted but whose invoices have not yet been issued, which are within the scope of warranty.

2.4.21 Events after the reporting period

It represents events that occur in favor of or against the entity between the reporting date and the date of authorization for the issue of the consolidated financial statements. Events after the reporting date are divided into two:

- There is new evidence that the relevant events existed as of the reporting date; and
- There is evidence that the relevant events occurred after the reporting date (non-adjusting events after the reporting date).

The Group adjusts its consolidated financial statements in accordance with the new situation, in case there is new evidence that the said events exist as of the reporting date or if the related events occur after the reporting date and these events necessitate the restatement of the consolidated financial statements. If the said events do not require the restatement of the consolidated financial statements, the Group explains the said issues in the related footnotes.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.22 Impairment of non-financial assets

On each reporting date, the Group examines the carrying value of its tangible and intangible assets, excluding inventories and deferred tax assets, to determine if there are any signs of impairment. If such an indicator exists, the asset's recoverable amount is estimated. In order to determine the amount of impairment, the recoverable amount of the assets, if any, is estimated. Where the recoverable amount of an asset cannot be measured, the Group measures the recoverable amount of the cash-generating unit associated with the asset. If a reasonable and consistent basis of allocation is determined, Group assets are allocated to cash-generating units. Where this is not possible, Group assets are allocated to the smallest cash-generating units to determine a reasonable and consistent basis of allocation.

When the recoverable amount of an asset (or cash-generating unit) is less than it is carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In cases where the related asset is not measured at the revalued amount, the impairment loss is recognized directly in profit/loss. In the event that the impairment loss is reversed in subsequent periods, the carrying amount of the asset (or related cash-generating unit) is increased to correspond to the estimated amount re-updated for the recoverable amount. The increased carrying amount should not exceed the carrying amount of the asset (or related cash-generating unit) that it would have had had no impairment loss for the asset been recognized in prior periods. Unless the asset is presented at a revalued amount, the reversal of the impairment loss is recognized directly in profit or loss.

2.4.23 Comparative information and restatement of prior period consolidated financial statements

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

2.4.24 Finance income and finance expenses

Financing income consists of interest income from bank deposits, which form part of the cycle used for financing, and foreign exchange income on financial assets and liabilities (other than trade receivables and payables). Financial expenses include interest expenses on bank loans, early collection commission expenses on credit cards and foreign exchange expenses on financial assets and liabilities (other than trade receivables and payables). Borrowing costs that are not directly attributable to the acquisition, construction or production of an asset are recognized in profit or loss using the effective interest rate.

Foreign exchange income and expenses on financial assets and liabilities (other than trade receivables and payables) are reported next in finance income or finance expenses, according to the net position of the foreign exchange movements. Foreign exchange differences and rediscount incomes on trade receivables and payables are reported under other operating income, and foreign exchange difference and rediscount expenses are reported under other operating expenses. Interest income is accounted for using the effective interest method.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.24 Finance income and finance expenses (cont'd)

An entity that calculates interest income by applying the effective interest method to the amortized cost of a financial asset during a reporting period may consider that if the credit risk on the financial instrument improves such that the financial asset is no longer credit-impaired, and that improvement can be objectively attributed to an event (a debtor's credit rating). Calculates interest income for subsequent reporting periods by applying the effective interest rate to the gross book value.

2.5 Significant Accounting Estimates and Assumptions

While preparing the consolidated financial statements, management made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts.

Estimates and associated assumptions are reviewed on an ongoing basis. Changes in estimates are accounted for prospectively.

Useful lives and goodwill impairment of tangible and intangible assets

Tangible and intangible assets are presented with their net value less accumulated depreciation and impairment, if any. Depreciation is allocated using the straight-line method based on the useful lives of tangible and intangible assets. The useful lives and method of depreciation are based on management's best estimates, reviewed at each reporting date and adjusted if necessary (Note 11-13).

The net book value of goodwill is reviewed annually and, when deemed necessary, adjusted for permanent depreciation. Provision for impairment of goodwill is not canceled in subsequent periods (Note 14).

Provision for doubtful debt

If there is a situation that indicates that it will not be able to collect its trade receivables in line with the expected credit loss calculations, the Group creates a provision for impairment for such receivables. The Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In the calculation of expected credit losses, the model that includes the Group's forecasts for the future, together with the past credit loss experiences, is taken into account. (Note 7).

Fair values of derivatives and other financial instruments

The Group calculates the fair values of financial instruments that do not have an active market, using market data, using arm's-length similar transactions, taking the fair values of similar instruments as a reference, and discounted cash flow analysis (Note 6).

Other provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle this obligation, and the amount to be paid can be reliably estimated (Note 15).

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Deferred tax asset

As of 31 December 2023, the Group estimates that it will benefit from reduced corporate tax in the following years within the scope of incentive investment documents. However, since it is not possible to predict how long the benefit will be realized, the Group calculates for 3 predictable years. In this calculation, the deferred tax asset is recorded by taking into account the average tax rate to be paid for each year in the next 3 years including that year (Note 25).

Net realizable value

In accordance with the accounting policy stated in Note 2.4, inventories are valued at the lower cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less than the estimated cost of completion and the estimated cost of selling necessary to make the sale.

Recovery of internally generated intangible assets

Internally created intangible assets that arise as a result of development activities (or the development phase of an intra-Group project) are only technically feasible when these assets are ready for use or sale, the entity has the intention to complete, use or sell the asset, the ability to use or sell the asset, determine how the intangible asset will generate probable economic benefits, also have a market for the output of the intangible asset or the intangible asset itself, or if the intangible asset is usable if it is to be used internally, complete the development phase; and They are recognized when adequate technical, financial and other resources are available to use or sell the intangible asset, and the expenditure incurred on the intangible asset during development can be reliably measured.

When internally generated intangible assets cannot be recognized, they are recorded as research expenses in the period in which they are incurred. During the period, the Group management re-examined the existence of possible economic benefits of intangible fixed assets created within the company. The Group management believes that the projects will continue as expected and based on the analysis, predicts that the projects will create similar economic benefits.

Management is confident that even if the economic benefit decreases, the carrying amount of the assets can be recovered. This situation is closely monitored by the Group management and will make such adjustments when future market activities require adjustments. (Note 14).

Measurement of fair values

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; In the absence of an active market, it refers to the most advantageous market to which the Group has access. The fair value of a liability reflects the effect of the risk of default.

The Group's various accounting policies and disclosures require determining the fair values of both financial and non-financial assets and liabilities.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Estimates and Assumptions (cont'd)

Fair value measurement (cont'd)

Where there is an active market, the Group measures the fair value for a financial asset or liability using the quoted price of the asset or liability in the active market. A market is considered to be active, in which asset or liability transactions occur continuously with sufficient frequency and volume to provide pricing information.

If there is no quoted price in the active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of non-observable inputs. The chosen valuation technique includes all the factors that market participants would consider when pricing a transaction.

If an asset or liability measured at fair value has an offer price and a bid price, the Group measures the asset and long positions at the bid price, and liabilities and short positions at the purchase price.

At initial recognition, the best indicator of fair value is the transaction price realized (i.e. the fair value of the consideration received or paid). If the group determines at initial recognition that fair value differs from the transaction price, and the fair value is not proven based on a quoted price in an active market for the same asset or liability or a valuation technique using unobservable inputs, the financial instrument is initially measured at fair value if it is immaterial. It is measured at fair value and adjusted to defer the difference between fair value and transaction price. Following initial recognition, it is recognized in profit or loss on an appropriate basis over the life of the financial instrument. However, recognition in profit or loss continues as long as the valuation is fully supported by observable market data or until the time the transaction is closed.

The evaluation team regularly reviews unobservable data and evaluation corrections. If third-party information, such as intermediary quoted prices or pricing services, is used to measure fair value, the evaluation team must evaluate the results of evaluating information obtained from third parties in accordance with the requirements of TFRS, including at what level in the fair valuation hierarchy fair valuations should be classified. reviews to support compliance outcome.

Significant assessment matters are reported to the Group's Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market-observable information whenever possible. Fair valuations are classified into different levels in the fair valuation hierarchy determined based on the information used in the valuation techniques specified below.

Level 1: At the quoted (unadjusted) price in active markets for identical assets or liabilities.

Level 2: Data that is directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities, other than recorded prices in Level 1; and.

Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data).

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Estimates and Assumptions (cont'd)

Fair value measurement (cont'd)

If the information used to measure the fair value of an asset or liability can be classified to a different level of the fair valuation hierarchy, that fair valuation is classified to the same level of the fair valuation hierarchy that includes the smallest information that is significant to the overall measurement.

The Group recognizes transfers between levels in the fair valuation hierarchy at the end of the reporting period in which the change occurs.

Further information on the assumptions used in making fair valuation measurements is set out in the following notes: (Note 6 – Derivative instruments)

2.6 Reporting by Division

The Group is engaged in the production of radial, passenger car, pickup truck, minibus, truck, bus tires and tread rubber, as well as the sales of radial and conventional construction equipment tires, various inner tubes and columns, and the sale of mixtures. On March 1, 2022, the Group acquired Arvento M2M Elektronik Sistemler Sanayi Ticaret A.Ş. ("Arvento"), which operates in the field of vehicle tracking and fleet management. The effect of Arvento on the consolidated financial statements of the Group as of 31 December 2023 is limited. Therefore, in line with the managerial approach, the Group's operations are considered as a single operating segment as of 31 December 2023 and the Group's operating results, the determination of the resources to be allocated to this activity and the examination of the performances of these activities are evaluated within this framework.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

3. BUSINESS COMBINATIONS

Acquisitions realized between 1 January 2022 - 31 December 2022

The company and Özer Hıncal and Track Holdings S.A.R.L. Between them, a Share Purchase-Sale agreement on 14 December 2021 for the purpose of taking over all of the shares representing 88.89% of the capital of Arvento M2M Elektronik Sistemleri Sanayi Ticaret A.Ş. ("Arvento") for a consideration of TL 677.501.170 (adjusted for the effect of current inflation) has been signed. The necessary conditions for the planned payment transfer have been fulfilled and the relevant permits and approvals have been obtained. As a result of the revaluation of Arvento's foreign currency assets as of the closing date, Arvento was acquired by the Company on March 1, 2022 for a consideration of TL 783.705.617 (adjusted for the current inflation effect).

The Group obtained control over Arvento as of March 1, 2022 and consolidated on a line-by-line basis in accordance with IFRS 3. The fair value of assets and liabilities recognized at the transaction date (March 1, 2022) are as follows:

Total cash acquisition amount	783.705.617
Net assets acquired	720.009.481
Total cash acquisition amount	783.705.617
Cash and cash equivalents- acquired	467.755.585
Net cash impact of subsidiary acquisition	315.950.032
Goodwill (Note 14)	63.696.136
Cash and cash equivalents	467.755.585
Trade Receivables	118.603.603
Inventories	86.147.333
Other current assets	5.254.593
Tangible assets	6.749.514
Intangible assets	351.295.804
Right-of-use assets	12.259.604
Other fix assets	107.554
Deferred tax liabilities	(39.472.777)
Trade payables	(37.650.537)
Deferred Income	(88.059.672)
Other liabilities	(72.979.938)
Fair value of total identifiable net assets (%100)	810.010.666
Net assets acquired (corresponding to %88,89'lık purchased) (*)	720.009.481

(*) The rate of purchased shares owned by the company is %88,888889.

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TL 63.696.136 is recorded as goodwill in the statement of financial position.

Arvento M2M Elektronik Sistemleri Sanayi and Ticaret Anonim Şirketi merged with Arvento Mobil Sistemler A.Ş on September 15, 2022, by transferring its current assets and liabilities as a whole.

Purchases during the period January 1, 2023 - December 31, 2023: None.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

4. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Cash on hand	1.843	5.383
Cash at banks	13.123.148.127	6.001.843.810
Demand deposits	426.840.920	213.787.925
Time deposits	9.420.111.323	2.635.083.497
Credit cards slip receivables	2.294.195.886	3.152.972.388
Investment Funds (*)	981.999.998	--
Total cash and cash equivalents	13.123.149.970	6.001.849.193
Interest accruals	(255.511.657)	(13.474.660)
Cash and cash equivalents in the cash flow statement	12.867.638.313	5.988.374.533

(*) The Group uses Money Market Fund (Liquid Fund) traded in TEFAS as an investment fund.

The nature and extent of the risks on cash and cash equivalents are described in Note 28. Demand deposits comprise collections from direct debiting system (DDS) and cheques kept under current accounts based on agreements made with banks. Credit card slip receivables contain POS balances which have less than three months' maturity.

The breakdown of the Group's time deposits as of December 31, 2023, is as follows:

Currency	Currency Amount	Average Interest Rates	Amount (TL)
TRY	8.564.751.251	43,95%	8.815.599.772
USD	20.500.000	3,66%	604.511.551
			9.420.111.323

Financial Investments

Currency-protected deposit accounts are a financial asset with cash flows that include principal and interest or dividends, but they also show a derivative product feature as these cash flows may change depending on the change in exchange rates. Therefore, currency protected deposit accounts are treated as hybrid contracts and accounted for as financial assets whose fair value is recognized in profit or loss in line with the provisions of TFRS 9 regarding mixed contracts. Changes in the fair value of currency-protected deposit accounts are accounted for under "Income/Expense from Investing Activities" in the Statement of Profit or Loss and Other Comprehensive Income.

The details of short-term financial investments:

Current Assets	31 December 2023	31 December 2022
KKM (*)	1.328.064.277	1.825.008.682
Eurobond	-	219.250.739
Other	3.959.633	1.574.327
	1.332.023.910	2.045.833.748

(*) The Group's income from foreign exchange protected TL deposit accounts amounting to TL 555.104.626 is accounted for under income from investment activities.

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4. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS (Cont'd)

Financial Investments (cont'd)

The Group presents deposits with maturities over 3 months and currency protected deposits as financial investments. The Group classifies its venture capital fund, Eurobond, and currency protected deposits in cash flows from investing activities in the cash flow statement.

5. FINANCIAL BORROWINGS

	31 December 2023		31 December 2022	
	Weighted average interest rate %	TL	Weighted average interest rate %	TL
Short-term TL bank borrowing		-	23,64	1.026.658.491
Short-term TL sukuk issuances	38,00	312.493.150	27,26	1.441.909.458
Short-term USD borrowing		-	7,95	531.798.186
Short-term bank factoring liabilities	49,30	62.673.173	18,75	33.858.876
Short term leasing liabilities		8.053.805		6.496.748
Short-term borrowings		383.220.128		3.040.721.759
Short-term portion of long-term TL bank borrowings	36,15	4.099.412.762	22,85	536.374.122
Short-term portion of long-term TL sukuk issuances	41,06	1.468.033.240	27,88	2.458.711.147
Short-term portion of long-term TL bond issuances	31,67	2.158.799.784		-
Short-term portion of long-term USD bank borrowings	2,55	173.767.596	5,96	98.735.409
Short-term portion of long-term Euro bank borrowings (*)	7,15	85.822.686		-
Short-term portion of long-term lease liabilities	6,85	1.392.011.483	2,55	2.314.721.809
Short-term portion of long-term TL bank borrowings		8.754.308		8.295.165
		9.386.601.859		5.416.837.652
Total short-term borrowings		9.769.821.987		8.457.559.411
Long-term TL bank borrowings	38,25	2.515.041.514	12,82	601.357.976
Long-term TL sukuk issuances	32,00	743.259.275		-
Long-term TL bond issuances	2,55	226.458.371	2,14	388.972.603
Long-term Euro bank borrowings	7,15	1.543.879.594		-
Long-term USD bank borrowings (*)	7,16	770.039.347	1,58	1.759.888.582
Long-term lease liabilities		43.556.799		45.950.239
Total long-term borrowings		5.842.234.900		2.796.169.400
Total financial liabilities		15.612.056.887		11.253.728.811

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5. FINANCIAL BORROWINGS (Cont'd)

Bank Credits

The Group's net financial liability calculation is as follows:

	31 December 2023	31 December 2022
Total financial borrowings (**)	15.551.691.975	11.192.986.659
Less: US dollar loans valuation difference due to hedging	(1.614.874.372)	(3.222.597.773)
Less: Cash and cash equivalents	(13.123.149.970)	(6.001.849.193)
Minus: Financial investments	(1.332.023.910)	(2.045.833.748)
Net financial borrowings	(518.356.277)	(77.294.055)

(*) The group has conducted cross-currency and interest rate swap transactions in order to mitigate the variable interest and foreign exchange rate risk at the time of acquisition for its long-term loans denominated in foreign currency. The values of the group's foreign currency loans in Turkish Lira may increase or decrease due to exchange rate fluctuations, and in return, the fair valuation of cross-currency swap transactions is presented under derivative assets.

(**) The Group does not include debts from lease transactions in total financial borrowings.

There are loan commissions and charges amounting to TL 17.198.426 and TL 19.328.330 in the short-term and long-term bank borrowings, respectively (TL 6.127.762 and TL 3.718.128 as of December 31, 2022, respectively).

As of 31 December 2023 and 31 December 2022, all of the bank borrowings consist of unsecured loans.

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

	31 December 2023	31 December 2022
Opening balance	11.253.728.811	12.965.536.553
Cash inflows from borrowing	8.981.623.120	5.351.820.449
Cash outflows from borrowing	(4.103.967.232)	(5.301.278.963)
Interest expense accounted under profit or loss (Note 24)	2.781.622.679	1.328.779.721
Capitalized interest expense at tangible assets (Note 24)	3.215.731	20.437.146
Interest paid	(1.399.317.863)	(1.004.115.036)
Cash Outflows Related to Rental Agreements	(36.683.937)	(35.582.525)
Cash Inflows / (Outputs) from Factoring Transactions	28.814.297	(19.189.923)
Exchange differences	(1.366.592.672)	(1.809.686.929)
Other	47.074.924	78.627.426
Inflation adjustment	(577.460.971)	(321.619.108)
Closing balance	15.612.056.887	11.253.728.811

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5. FINANCIAL BORROWINGS (Cont'd)

Bank Credits (cont'd)

The Group has fulfilled its financial commitments as of 31 December 2023.

As of 31 December 2023, and 31 December 2022, the repayment schedule of its financial debts is as follows:

	31 December 2023	31 December 2022
2023	-	8.457.559.411
2024	9.769.821.987	1.712.163.801
2025	3.127.379.815	1.002.623.242
2026	2.101.544.266	81.382.357
2027	333.839.617	-
2028	183.985.893	-
2029	95.485.309	-
	15.612.056.887	11.253.728.811

6. DERIVATIVE INSTRUMENTS

	31 December 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Cross currency and interest rate swaps	83.216.667	-	113.101.217	-
Forward currency exchange contract	-	102.890.060	7.882.591	69.811.997
Commodity swap	-	17.977.038	-	-
Option	-	1.950.414	4.075.925	-
Short-term derivative transactions for which hedge accounting is applied	83.216.667	122.817.512	125.059.733	69.811.997
Cross currency and interest rate swaps	1.204.307.490	-	3.412.453.475	-
Long-term derivative transactions for which hedge accounting is applied	1.204.307.490	-	3.412.453.475	-
	1.287.524.157	122.817.512	3.537.513.208	69.811.997

Derivative financial instruments of the Group include cross currency and interest rate swaps and forward purchase contracts and valuation differences related to these transactions are accounted for in equity accounts.

The valuation of derivative instruments is based on the market prices quoted for similar instruments at the balance sheet date.

During the current period TL 54.798.925 income (31 December 2022: TL 528.843.350 income) has been recorded in the profit or loss statement regarding derivative contracts maturing during the period and hedge transactions to hedge currency risk.

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7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

The details of the Group's trade receivables as of the balance sheet date are as follows:

	31 December 2023	31 December 2022
Short-term trade receivables		
Account receivables	3.968.385.446	4.137.071.948
Notes receivable	83.676.196	69.757.805
Trade receivables from related parties (Note 27)	359.684.414	340.597.142
Unearned credit finance income	(372.951.645)	(314.163.505)
Doubtful receivables provision (-)	(219.856.235)	(279.076.371)
	3.818.938.176	3.954.187.019
Long-term trade receivables		
Account receivables	19.110.145	43.846.334
Doubtful receivables provision (-)	(19.110.145)	(41.226.082)
	-	2.620.252

Trade receivables include the non-collected amounts arising from the Group's sale of finished goods and merchandise.

As of 31 December 2023, and 31 December 2022, trade receivables from unrelated parties have an average maturity of 78 and 77 days, respectively, and are discounted using an average of 37,47% and 23,27% interest rates.

As of 31 December 2023, trade receivables amounting to TL 180.763.746 (31 December 2022: TL 294.793.039) from non-related parties are not considered doubtful even though they are overdue.

As of 31 December 2023, guarantees amounting to TL 64.031.269 have been received from non-related parties for overdue receivables (31 December 2022: TL 153.077.125).

The aging table of overdue receivables from third parties as of December 31, 2023, and December 31, 2022 is as follows:

	31 December 2023	31 December 2022
Between 0-1 month	147.507.207	161.484.905
Between 1-3 month	19.533.439	59.259.736
Between 3-12 month	13.723.100	74.048.398
	180.763.746	294.793.039

The allowance for doubtful receivables is determined based on past experiences of collection of receivables and risk rating matrix developed for the expected credit loss computation.

Movements in provision for doubtful receivables are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance as of January 1	320.302.454	386.814.392
Acquisition effect	-	52.989.736
Doubtful receivables exchange difference	9.134.698	5.527.142
Additional provision / (cancellation)	45.681.426	49.222.607
Collections	(2.397.590)	(803.664)
Inflation impact	(133.754.608)	(173.447.759)
Closing balance	238.966.380	320.302.454

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7. TRADE RECEIVABLES AND PAYABLES (cont'd)

Trade Payables

As of the balance sheet date, the Group's trade payables detail is as follows:

	31 December 2023	31 December 2022
Short-term trade payables		
Trade payables	4.274.090.999	4.875.234.725
Trade payables to related parties (Note 27)	2.296.078.075	2.446.696.244
Unrealized finance expense due to credit purchases	(141.566.947)	(111.820.882)
	6.428.602.127	7.210.110.087

Trade payables mainly include non-paid amounts arising from trade purchases and ongoing expenditure.

As of 31 December 2023, and 31 December 2022, trade payables have an average maturity of 96 and 93 days, respectively, and are discounted using an average interest rate of 37,47% and 23,27%. The Group has a financial risk management policy that will ensure that all its debts are paid on time.

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	31 December 2023	31 December 2022
Other Short-term Receivables		
Due from personnel	39.680.831	30.397.545
Other receivables from related parties (Note 27)	549.681	252.541
Receivables from tax Office	11.098.239	6.043.917
Other miscellaneous receivables	15.626.651	4.938.540
	66.955.402	41.632.543

Other Long-term Receivables

	31 December 2023	31 December 2022
Deposits and guarantees given	207.684	370.545
	207.684	370.545

Other Payables

	31 December 2023	31 December 2022
Other Short-term Payables		
Other payables to public authorities	111.433.443	77.896.487
Other payables to related parties (Note 27)	3.179.427	3.328.622
Deposits and guarantees taken	2.949.130	3.086.528
	117.562.000	84.311.637

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9. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	671.360.759	1.399.920.124
Materials and supplies	343.680.080	318.779.820
Semi-finished goods	264.621.118	333.702.323
Finished goods	858.315.445	851.330.420
Trade goods	439.232.622	327.635.818
Goods in transit	793.875.437	900.738.105
Less: Impairment of inventory	(83.265.072)	(87.051.553)
	3.287.820.389	4.045.055.057

As of December 31, 2023, and 2022, the movement table regarding inventory impairment is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	87.051.553	72.331.821
Acquire effect	-	10.002.472
Period charge / (cancellation) (*)	(3.786.481)	4.717.260
Closing balance	83.265.072	87.051.553

(*) It is expensed in the cost of goods sold.

10. PREPAID EXPENSES AND DEFERRED INCOME

Short-term Prepaid Expenses	31 December 2023	31 December 2022
Prepaid expenses	192.364.742	174.179.446
Order advances given	47.762.704	63.479.739
Advances given to personnel	2.422.983	518.285
Advances given to dealers	450.200	-
	243.000.629	238.177.470

Long-term Prepaid Expenses	31 December 2023	31 December 2022
Prepaid expenses	72.670.218	78.618.817
Advances given for fixed assets	168.403.752	136.899.919
	241.073.970	215.518.736

Short-term Deferred Income	31 December 2023	31 December 2022
Advances receivables	154.672.654	48.704.223
Deferred income	138.199.241	119.524.871
Income for the coming months	3.574.574	3.801.298
	296.446.469	172.030.392

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11. PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Transfers (*)	Disposals	31 December 2023
Cost					
Land and land improvement	457.469.891	281.331	716.727	-	458.467.949
Buildings	5.111.643.924	60.994.582	56.336.893	-	5.228.975.399
Machinery and equipment	14.039.325.610	1.035.044.655	1.123.960.413	(30.034.442)	16.168.296.236
Motor vehicles	161.885.592	63.886.658	19.153.928	(2.385.232)	242.540.946
Furniture and fixtures	1.067.659.881	98.346.628	43.266.900	(3.636.389)	1.205.637.020
Other fixed assets	861.502.371	88.181.330	-	(2.347.644)	947.336.057
Construction in progress	1.311.541.890	593.592.816	(1.392.270.815)	-	512.863.891
	23.011.029.159	1.940.328.000	(148.835.954)	(38.403.707)	24.764.117.498
Accumulated depreciation					
Land and land improvement	125.587.809	17.875.631	-	-	143.463.440
Buildings	1.776.282.733	108.902.444	-	-	1.885.185.177
Machinery and equipment	8.329.651.492	862.660.397	-	(20.017.574)	9.172.294.315
Motor vehicles	69.657.379	27.282.527	-	(159.015)	96.780.891
Furniture and fixtures	623.001.381	101.816.167	-	(2.905.929)	721.911.619
Other fixed assets	455.101.231	81.475.455	-	(1.644.807)	534.931.879
	11.379.282.025	1.200.012.621	-	(24.727.325)	12.554.567.321
Net book value	11.631.747.134	740.315.379	(148.835.954)	(13.676.382)	12.209.550.177

(*) In the current period, TL 148.835.954 has been transferred to intangible assets. (31 December 2022: 110.125.080 TL). Transfers realized in the current period are investments in buildings, machinery, and fixtures in Aksaray and Izmit factories, whose investments continue.

For the period ended 31 December 2023, depreciation expenses amounting to TL 962.275.898 is charged to cost of goods sold, TL 638.394 is charged to research and development expenses, TL 154.377.365 is charged to marketing expenses, TL 64.051.020 is charged to general administrative expenses, TL 3.443.481 is charged to inventories and TL 15.226.463 is charged to capitalized development expenses.

The amount of borrowing costs capitalized during the period is TL 3.215.731 (31 December 2022: TL 20.437.146).

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11. PROPERTY PLAN AND EQUIPMENT (Cont'd)

As of 31 December 2023, there is no mortgage on tangible and intangible assets. (31 December 2022: None).

	1 January 2022	Acquire Effect	Additions	Transfers	Disposals	31 December 2022
Cost						
Land and land improvements	457.313.677	-	17.758	138.456	-	457.469.891
Buildings	5.041.953.195	-	8.963.141	60.727.588	-	5.111.643.924
Machinery and equipment	13.249.900.925	74.788	76.703.212	718.900.837	(6.254.152)	14.039.325.610
Motor vehicles	121.106.774	4.173.654	11.303.952	25.925.571	(624.359)	161.885.592
Furniture and fixtures	966.542.294	11.980.036	50.267.779	39.518.610	(648.838)	1.067.659.881
Other	766.374.435	9.085.242	89.554.843	-	(3.512.149)	861.502.371
Construction in progress	690.495.176	-	1.576.382.856	(955.336.142)	-	1.311.541.890
	21.293.686.476	25.313.720	1.813.193.541	(110.125.080)	(11.039.498)	23.011.029.159
Accumulated depreciation						
Land and land improvements	107.676.721	-	17.911.088	-	-	125.587.809
Buildings	1.668.758.813	-	107.523.920	-	-	1.776.282.733
Machinery and equipment	7.518.302.796	153.937	817.448.911	-	(6.254.152)	8.329.651.492
Motor vehicles	51.785.969	2.678.276	15.817.493	-	(624.359)	69.657.379
Furniture and fixtures	516.000.546	7.856.589	99.462.501	-	(318.255)	623.001.381
Other	372.143.729	7.489.607	77.871.985	-	(2.404.090)	455.101.231
	10.234.668.574	18.178.409	1.136.035.898	-	(9.600.856)	11.379.282.025
Net book value	11.059.017.902	7.135.311	677.157.643	(110.125.080)	(1.438.642)	11.631.747.134

For the period ending on 31 December 2022, 927.436.068 TL of depreciation expenses belong to cost of goods sold, 814.878 TL to research and development expenses, 145.561.666 TL to marketing expenses, 44.109.088 TL to general administrative expenses, 3.539.330 TL is included in stocks and TL 14.574.866 is included in capitalized development expenses.

12. RIGHT OF USE ASSETS

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Buildings	73.074.057	24.019.545	(173.395)	96.920.207
Motor vehicles	71.207.986	45.518.741	(11.412.011)	105.314.716
Rights	11.779.733	-	-	11.779.733
	156.061.776	69.538.286	(11.585.406)	214.014.656
Accumulated Depreciation				
Buildings	46.947.707	21.534.588	(173.395)	68.308.900
Motor vehicles	28.656.344	31.627.583	(11.412.011)	48.871.916
Rights	8.029.612	767.225	-	8.796.837
	83.633.663	53.929.396	(11.585.406)	125.977.653
Net book value	72.428.113	15.608.890	-	88.037.003

For the period ended December 31, 2023, 3.065.384 TL of depreciation expenses are included in the cost of goods sold, 10.579.046 TL in research and development expenses, 4.496.110 TL in marketing expenses, 35.788.856 TL in general administrative expenses.

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12. RIGHT OF USE ASSETS (Cont'd)

	1 January 2022	Acquire Effect	Additions	Disposals	31 December 2022
Cost					
Buildings	27.276.800	31.035.010	14.821.715	(59.468)	73.074.057
Motor vehicles	88.839.995	5.416.536	43.983.720	(67.032.265)	71.207.986
Rights	-	10.491.709	1.288.024	-	11.779.733
	116.116.795	46.943.255	60.093.459	(67.091.733)	156.061.776
Accumulated Depreciation					
Buildings	11.477.703	21.183.365	14.346.107	(59.468)	46.947.707
Motor vehicles	60.869.891	3.414.746	31.403.972	(67.032.265)	28.656.344
Rights	-	7.450.866	578.746	-	8.029.612
	72.347.594	32.048.977	46.328.825	(67.091.733)	83.633.663
Net book value	43.769.201	14.894.278	13.764.634	-	72.428.113

For the period ending on 31 December 2022, 4.731.792 TL of depreciation expenses are included in cost of goods sold, 4.237.018 TL in research and development expenses, 3.391.579 TL in marketing expenses, 33.968.436 TL in general administrative expenses.

13. INTANGIBLE ASSETS

	1 January 2023	Additions	Transfers	Disposals	31 December 2023
Costs					
Capitalized development costs	778.497.485	146.393.565	132.091.536	-	1.056.982.586
Customer contracts and relations	292.725.552	-	-	-	292.725.552
Trademark	57.413.575	-	-	-	57.413.575
Rights	278.967.197	1.225.252	-	-	280.192.449
Other intangible assets	442.455.156	38.584.281	16.744.418	-	497.783.855
	1.850.058.965	186.203.098	148.835.954	-	2.185.098.017
Accumulated Depreciation					
Capitalized development costs	397.895.700	133.675.786	-	-	531.571.486
Customer contracts and relations	43.966.096	44.389.424	-	-	88.355.520
Trademark	-	-	-	-	-
Rights	271.982.580	4.098.354	-	-	276.080.934
Other intangible assets	329.892.596	54.655.352	-	-	384.547.948
	1.043.736.972	236.818.916	-	-	1.280.555.888
Net book value	806.321.993	(50.615.818)	148.835.954	-	904.542.129

For the period ended 31 December 2023, amortization expenses amounting to TL 165.992.994 is in cost of goods sold, TL 5.027 to research and development expenses, TL 11.722.737 to marketing expenses, TL 59.028.119 to general administrative expenses and TL 70.039 to capitalized development expenses.

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13. INTANGIBLE ASSETS (Cont'd)

	1 January 2022	Acquire Effect	Additions	Transfers	Disposals	31 December 2022
Costs						
Capitalized development costs	676.167.103	-	8.573.476	93.756.906	-	778.497.485
Customer contracts and relations	-	292.725.552	-	-	-	292.725.552
Trademark	-	57.413.575	-	-	-	57.413.575
Rights	273.136.684	3.747.212	2.083.301	-	-	278.967.197
Other intangible assets	407.948.777	-	18.138.205	16.368.174	-	442.455.156
	1.357.252.564	353.886.339	28.794.982	110.125.080	-	1.850.058.965
Accumulated Depreciation						
Capitalized development costs	285.500.366	-	112.395.334	-	-	397.895.700
Customer contracts and relations	-	-	43.966.096	-	-	43.966.096
Trademark	-	-	-	-	-	-
Rights	263.080.875	2.546.351	6.355.354	-	-	271.982.580
Other intangible assets	273.567.931	-	56.324.665	-	-	329.892.596
	822.149.172	2.546.351	219.041.449	-	-	1.043.736.972
Net book value	535.103.392	351.339.988	(190.246.467)	110.125.080	-	806.321.993

For the period ended 31 December 2022, amortization expenses amounting to TL 146.254.701 is included in cost of goods sold, TL 4.523 to research and development expenses, TL 14.126.601 to marketing expenses, TL 58.596.447 to general administrative expenses and TL 59.177 to capitalized development expenses.

14. GOODWILL

The movement table of goodwill for the periods ended as of 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	63.696.136	-
Acquire (Note 3)	-	63.696.136
Closing balance	63.696.136	63.696.136

Goodwill impairment test

The Group tests the goodwill amount for impairment each year. The recoverable amounts of cash generating units have been determined according to value in use calculations.

The goodwill impairment test was performed on 5-year projections approved by the management between January 1, 2024, and December 31, 2026.

In order to predict future cash flows (infinite), 8.60% is used as a constant growth rate.

In order to calculate the recoverable value of the unit, the weighted average cost of capital ratio of 34.94% was used as the after-tax discount rate.

As a result of the impairment tests performed using the assumptions above, no impairment has been detected in the goodwill amount as of 31 December 2023.

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14. GOODWILL (Cont'd)

A 2% increase and decrease in the weighted average cost of capital causes the recoverable amount for the Mobil Teknoloji cash generating unit to decrease by 10% and increase by 11%, respectively. A 1% increase and decrease in the terminal growth rate would result in a 14.5% increase and 11.5% decrease, respectively, in the recoverable amount for the Mobil Teknoloji cash generating unit. As a result of these sensitivity analyses, no impairment has been recognized.

15. PROVISIONS, CONTINGENT AND LIABILITIES

Provisions

Other short-term provisions	31 December 2023	31 December 2022
Provision for sales discount premium	73.221.532	73.803.400
Lawsuits	54.346.955	49.483.291
Warranty claims	15.574.822	10.877.201
Other	32.853.074	8.127.808
	175.996.383	142.291.700

The sales discount is the estimated portion of the premium amounts to be paid to the customers corresponding to the relevant period.

Provisions for lawsuits consist of lawsuits brought against the Group such as reemployment and work accidents.

Warranty provision represents the present value of the provision amount that will be required in line with the Group's 24-month warranty program for tires. Estimates made by management are based on historical warranty expenses.

Other provisions mainly consist of advertising promotion expenses that will be invoiced in the next period.

Movements of provisions during the period are as follows:

	Provision for sales discount premium	Lawsuits	Warranty Claims	Other	Total
1 January 2023	73.803.400	49.483.291	10.877.201	8.127.808	142.291.700
Additions	28.430.577	33.161.173	9.204.070	27.920.346	98.716.166
Payments/reversals	(21.623.161)	(5.586.796)	-	-	(27.209.957)
Inflation impact	(7.389.284)	(22.710.713)	(4.506.449)	(3.195.080)	(37.801.526)
31 December 2023	73.221.532	54.346.955	15.574.822	32.853.074	175.996.383

	Provision for sales discount premium	Lawsuits	Warranty Claims	Other	Total
1 January 2022	71.103.978	39.229.550	5.196.673	23.967.907	139.498.108
Additions	73.803.400	31.651.101	8.033.000	-	113.487.501
Payments/reversals	(21.661.662)	(4.645.844)	-	(6.462.748)	(32.770.254)
Inflation impact	(49.442.316)	(16.751.516)	(2.352.472)	(9.377.351)	(77.923.655)
31 December 2022	73.803.400	49.483.291	10.877.201	8.127.808	142.291.700

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16. COMMITMENTS

Received Commitments	31 December 2023	31 December 2022
Direct debiting system (D.B.S) limits	2.050.295.964	1.982.370.723
Letter of guarantees received	2.521.786.671	2.194.333.383
Mortgages	1.208.943.370	1.201.019.008
Export insurance	384.335.405	393.401.631
Cheques and notes receivables received as guarantee	287.104.028	173.899.164
Domestic receivables insurance	2.444.700	26.320.180
Payment guarantees from banks	89.435.271	299.075.294
Letter of credit	124.432.540	146.989.726
Bail checks	13.850.000	22.821.059
Foreign currency blockage received as collateral	2.943.820	3.080.975
	6.685.571.769	6.443.311.143

Bank letters of guarantee, guarantee checks and notes are available for the advances given by the Group in return for the purchase of goods and services from its suppliers.

The Group has letters of guarantee received to minimize customer credit risk in forward sales to its domestic customers, DBS limits allocated to customers through mortgages, promissory notes and banks, and export insurance, bank letters of guarantee and letter of credit for trade receivables from foreign customers, as required by credit risk management.

The total amount of guarantees that the Group has received from international export insurance companies in order to make open accounts and forward sales to its customers abroad is defined as export insurance.

The number of guarantees received within the framework of the agreement that the Group has made with domestic and international insurance companies in order to make open account and forward sales to its domestic dealers and fleet customers is defined as domestic receivables insurance.

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16. COMMITMENTS (Con't)

As of 31 December 2023, and 31 December 2022, the tables regarding the collateral / pledge / mortgage / bail ("CPMB") position of the Group are as follows.

CPMBB given by the Group	31 December 2023		31 December 2022	
	Currency	Amount	Currency	Amount
A. The legal entity that it has given on behalf of its own legal entity Total of CPMBs	TL	120.582.364	TL	75.338.355
B. Total amount of CPMBs given in favor of subsidiaries included in the scope of full consolidation	Avro	3.116.442	Avro	4.872.153
C. For the purpose of carrying out ordinary business activities, other given by 3rd parties for the purpose of securing their debts Total amount of CPMBs	-	-	-	-
D. Total amount of other CPMBs given	-	-	-	-
i) Total amount of CPMBs given in favor of the parent company	-	-	-	-
ii) Other Group not included in the scope of items B and C	-	-	-	-
Total amount of CPMBs given in favor of groups	-	-	-	-
iii) In favor of third parties not covered by Article C	-	-	-	-
Total amount of CPMBs given		222.097.034		172.464.239

The ratio of other CPMB's given by the Group to the Group's total equity is 0% (31 December 2022: 0%).

Except for the CPMB's given by the Group on behalf of its own legal entity, there are no CPMBs given in favor of third parties. To the customs directorates for the guarantees given by the Group, the inward processing certificate and the import transactions made within the scope of the SCT legislation; In response to the business lawsuits filed against the Group, to the enforcement offices; It consists of letters of guarantee given to various public institutions in order to participate in various tenders.

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17. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2023	31 December 2022
Salaries and wages payable	37.517.174	31.432.635
Social security premiums payable	104.908.682	149.737.582
Withholding personnel income tax payable	3.131.588	2.547.221
Private pension contributions payable	2.853.853	2.772.447
	148.411.297	186.489.885

Short-term provisions for employee benefits

Short-term liabilities	31 December 2023	31 December 2022
Bonus accruals	170.779.718	102.774.358
Unused vacation pay provision	37.564.761	39.982.918
	208.344.479	142.757.276

Movements of provisions during the period are as follows:

	Bonus accruals	Unused vacation pay provision	Total
1 January 2023	102.774.358	39.982.918	142.757.276
Additions	147.285.000	27.105.648	174.390.648
Payments / Cancellations	(62.944.835)	(16.874.577)	(79.819.412)
Inflation impact	(16.334.805)	(12.649.228)	(28.984.033)
31 December 2023	170.779.718	37.564.761	208.344.479

	Bonus accruals	Unused vacation pay provision	Total
1 January 2022	89.820.715	24.547.228	114.367.943
Additions	118.263.534	26.202.797	144.466.331
Payments / Cancellations	(70.167.885)	(1.163.100)	(71.330.985)
Inflation impact	(35.142.006)	(9.604.007)	(44.746.013)
31 December 2022	102.774.358	39.982.918	142.757.276

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17. EMPLOYEE BENEFITS (Cont'd)

Provision for retirement pay liability

According to the Turkish Labor Law, the Group is responsible for those who have completed at least one year of service and retired after 25 years for men and 20 years for women (aged 58 for women, 60 for men), dismissed, called for military service or passed away. Every employee is obliged to pay severance pay.

Severance pays to be paid as of 31 December 2023 is subject to a monthly ceiling of 23.489,83 TL (31 December 2022: 15.371,40 TL).

Severance pay liability is not legally subject to any funding. The provision for employment termination benefits is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 Employee Benefits requires the company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 31 December 2023 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2023	31 December 2022
Discount rate (%)	2,73	0,5

The basic assumption is that the ceiling provision 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 expected effects of inflation. The Group's provision for employment termination benefits is calculated over TL 35.058,58 (1 January 2022: TL 19.982,83) effective from 1 January 2024, since the maximum liability is adjusted every six months. As of 31 December 2022, voluntary turnover rates were 6,24% (31 December 2022: 3,11%).

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17. EMPLOYEE BENEFITS (Cont'd)

Provision for retirement pay liability (cont'd)

The movement of employee termination benefits is as follows:

	1 Ocak- 31 December 2023	1 Ocak- 31 December 2022
As of 1 January	954.144.934	456.129.310
Service cost	72.570.863	35.013.923
Interest cost	89.303.566	61.323.986
Payments during the year	(276.062.587)	(15.970.879)
Actuarial gain / (loss)	13.034.603	608.987.734
Acquire	-	10.208.677
Inflation impact	(371.888.096)	(201.547.817)
As of 31 December	481.103.283	954.144.934

18. OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other Current Assets		
Deferred VAT	54.278.165	97.417.230
Other miscellaneous current assets	7.449.985	1.763.634
	61.728.150	99.180.864

19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in capital and adjustment to share capital

The company has accepted the registered capital system in accordance with the provisions of the Capital Market Law and has adopted this system with the permission of the Capital Markets Board dated 24.2.1989 and numbered 96. The registered capital ceiling of the company is 400.000.000.- (Four hundred million) TL. It is divided into 40.000.000.000 shares, each with a nominal value of 1 kr (One Kuruş).

The registered capital ceiling permission granted by the Capital Markets Board is valid between 2018-2022 (5 years). Even if the authorized registered capital ceiling has not been reached at the end of 2022, in order for the board of directors to take a capital increase decision after this date; It is obligatory to obtain authorization from the General Assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount. If the said authorization is not obtained, no capital increase can be made with the decision of the Board of Directors. The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the registered capital ceiling, when deemed necessary, in accordance with the provisions of the Capital Markets Law.

In accordance with the provisions of the Capital Markets Board's Communiqué on Registered Capital System numbered II-18.1, our Board of Directors decided to extend the validity period of the registered capital ceiling for a new five-year period to be valid for the years 2023-2027 and to increase the registered capital ceiling amount to TL 750.000.000. It has been decided to obtain the necessary permissions from the Capital Markets Board, the Ministry of Customs and Trade and other relevant institutions to amend Article 6 of the Company's Articles of Association with the title of "Capital" in order to determine.

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19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

The fully paid-up capital of the company is 305.116.875 TL (31 December 2022: 305.116.875 TL) divided into 30.511.687.500 (31 December 2022: 30.511.687.500) registered shares, each with a nominal value of 1 kr (One Kuruş). All issued shares were paid in cash. The Group's shareholders and their shares in the capital as of 31 December 2023 and 2022 are as follows:

Shareholders	(%)	31 December 2023	(%)	31 December 2022
H.Ö. Sabancı Holding A.Ş.	43,63	133.111.388	43,63	133.111.388
Bridgestone Corporation	43,63	133.111.388	43,63	133.111.388
Other	12,74	38.894.099	12,74	38.894.099
Nominal capital	100	305.116.875	100	305.116.875
Adjustment to share capital (*)		5.575.525.045		5.575.525.045
Total		5.880.641.920		5.880.641.920

(*) Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital restated for the effects of inflation. Adjustment to share capital is not available for any other usage except to be added to share capital.

The shares are divided into seven classes, such as (A), (B), (C), (D), (E), (F) and (G) as listed below. In case of an increase of the issued capital, new shares shall be issued for each class of shares in proportion with their share ratios in the issued capital.

Share Classes	Numbers of Shares	Issued Capital Amount (TL)
A	6.865.129.687,50	68.651.296,875
B	762.792.187,50	7.627.921,875
C	762.792.187,50	7.627.921,875
D	762.792.187,50	7.627.921,875
E	10.679.090.625,00	106.790.906,25
F	3.059.101.102,00	30.591.011,020
G	7.619.989.523,00	76.199.895,230
Total	30.511.687.500,00	305.116.875,00

As stated in the article of association, Hacı Ömer Sabancı Foundation which owns 100 redeemed shares has privilege in profit sharing. These privileges are being computed in accordance with the article of association. There are no privileges for shares other than that.

Share premium

Share premium which is considered as a part of capital results from equity movements such as cancelled shares and gains on the sales of shares. As at 31 December 2023, The Company's share premium in the financial statements is TL 80.068 (31 December 2021: TL 80.068).

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19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

Restricted reserves and retained earnings

Restricted reserves are reserves which are reserved for specific purposes other than law or contractual obligations or dividend payments. These reserves are presented as the same amount in the Group's statutory books and differences arising preparing the financial statements in accordance with TFRS are associated with prior years' profit or losses.

Pursuant to Article 519 of the TCC, 5% of the annual commercial profit reaches 20% of the paid-in capital as the first-order general legal reserve; After the 5% dividend is paid to the shareholders, 10% of the total amount to be distributed to those who will receive a share of the profit is set aside as the second order general legal reserve fund.

As of 31 December 2023, the Group's first-order general legal reserves amount to 20% of its paid-in capital (20% of 31 December 2022), and there is no limit for the second-order general legal reserves. As long as the said reserves do not exceed half of the Group's paid/issued capital, they can only be used to cover losses, to continue the business when things are not going well, or to take measures suitable to prevent unemployment and mitigate its consequences.

The details of the Group's restricted reserves account as of 31 December 2022 and 2021 are as follows:

	31 December 2023	31 December 2022
First order general legal reserve	367.752.516	367.752.516
Second order general legal reserve	1.256.535.015	1.062.685.737
Total	1.624.287.531	1.430.438.253

The details of the Group's equity accounts are as follows:

	31 December 2023	31 December 2022
Restricted reserves separated from profit	1.624.287.531	1.430.438.253
Net profit for the period	3.985.644.200	2.509.042.736
Retain earnings	2.454.687.378	1.884.610.721
Non-Controlling Interests	76.176.606	89.253.332
Total equity	8.140.795.715	5.913.345.042

The Group has applied TAS 29 in its opening statement of financial position as of January 1, 2022 and restated the related figures to reflect the effects of inflation from the date when assets were acquired and liabilities were assumed until the end of the reporting period.

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19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

The comparison of the Group's equity items restated for the effects of inflation in the consolidated financial statements as of December 31, 2023, with the amounts restated for the effects of inflation in the financial statements prepared in accordance with the Law No. 6762 and other legislation is as follows:

	Law No. 6762 and other legislation prepared according to financial statements inflation in the adjusted according to	In accordance with TAS/TFRS prepared financial in the tables according to inflation	Retained earnings monitored difference
31 December 2023	Amounts	adjusted amounts	
Capital Adjustment Differences	7.429.109.911	5.575.525.045	1.853.584.866
Share Premiums	140.418	80.068	60.350
Restricted Reserves	2.282.523.859	1.624.287.531	658.236.328

Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss

	Hedging Gain / (Loss)
Balances as of January 1, 2022 (beginning of the period)	637.146.822
Increase / (decrease) during the period	(374.445.489)
Tax impact	51.680.165
Balances as of 31 December 2022 (End of the period)	314.381.498
Balances as of January 1, 2023 (beginning of the period)	314.381.498
Increase / (decrease) during the period	(526.220.972)
Tax impact	133.436.157
Balances as of 31 December 2023 (End of the period)	(78.403.317)

Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss

	Actuarial (Loss)/ Earnings Fund
Balances as of January 1, 2022 (beginning of the period)	-
Increase / (decrease) during the period	(608.526.459)
Tax Effect	122.636.540
Balances as of 31 December 2022 (End of the period)	(485.889.919)
Balances as of January 1, 2023 (beginning of the period)	(485.889.919)
Increase / (decrease) during the period (*)	(13.034.603)
Tax impact	3.258.651
Balances as of 31 December 2023 (End of the period)	(495.665.871)

(*) Includes Actuarial difference of TL (461.275) arising from the opening balance sheet of 1 March 2022 Arvento purchase.

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20. SALES AND COST OF SALES

	1 January- 31 December 2023	1 January- 31 December 2022
Revenue		
Domestic sales	19.262.530.610	19.080.834.076
Export sales	9.224.206.639	9.506.402.033
Sub-total	28.486.737.249	28.587.236.109
Sales returns (-)	(85.211.380)	(61.541.481)
Sales discounts (-)	(1.903.256.472)	(1.662.524.475)
Net Sales	26.498.269.397	26.863.170.153
Cost of sales	(19.999.236.481)	(20.908.956.178)
Gross profit	6.499.032.916	5.954.213.975

The details of domestic and export sales are as follow:

	1 January- 31 December 2023	1 January- 31 December 2022
Finished goods	25.211.301.143	25.504.619.107
Trade goods	2.897.004.475	2.775.418.636
Semi-finished goods	5.658.072	8.582.541
Other	372.773.559	298.615.825
Total	28.486.737.249	28.587.236.109

21. EXPENSES BY NATURE

	1 January- 31 December 2023	1 January- 31 December 2022
Raw materials and supplies	12.849.264.951	14.903.167.839
Personnel expenses and direct labor expenses	3.697.821.174	2.700.430.994
Production overheads	1.575.178.032	1.969.815.779
Cost of trade goods sold	1.470.618.976	1.329.586.509
Transportation and storage expenses	710.598.163	799.632.771
Depreciation and amortization	1.473.942.169	1.389.703.406
Royalty and sales commission expenses	426.433.825	433.191.096
Advertisement expenses	416.806.864	307.651.509
Communication and information technology expenses	86.597.640	87.107.871
Consultancy expenses	88.238.627	82.955.764
Service, maintenance and repair expenses	84.439.499	71.712.838
Energy expenses	43.778.706	50.557.342
Doubtful receivables expense, net	43.283.836	48.418.943
Insurance expenses	29.718.575	27.646.616
Claims for defective tires	19.391.782	25.759.754
Provision for inventory impairment	(3.786.481)	4.717.260
Other taxes and charges	12.689.409	13.717.906
ELT (end of life-tire) management service	5.045.563	3.050.673
Change in semi-finished goods	65.343.867	(17.817.166)
Change in finished goods	234.240.052	(447.449.834)
Other expenses	413.168.249	414.719.983
Total	23.742.813.478	24.198.277.853

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21. EXPENSES BY NATURE(Cont'd)

The details of general administrative expenses and marketing expenses are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
General Administrative Expenses		
Personnel expenses and direct labor expenses	463.892.768	273.979.941
Depreciation and amortization	158.867.995	136.673.974
Communication and information technology expenses	74.650.989	77.098.341
Service, maintenance and repair expenses	61.734.114	45.030.462
Other taxes and charges	7.932.718	8.315.683
Energy expenses	22.036.413	27.761.471
Insurance expenses	10.233.695	11.886.901
ELT (end of life-tire) management service	5.045.563	3.050.673
Consultancy expenses	45.659.388	58.563.715
Other expenses	115.723.384	94.567.393
Total	965.777.027	736.928.554

	1 January- 31 December 2023	1 January- 31 December 2022
Marketing Expenses		
Personnel expenses and direct labor expenses	632.997.255	438.090.664
Depreciation and amortization	170.596.212	163.079.845
Advertisement expenses	416.765.889	308.812.300
Royalty and sales commission expenses	426.433.825	433.191.096
Communication and information technology expenses	11.863.128	10.541.339
Rent expenses	8.043.197	8.765.617
Service, maintenance and repair expenses	21.010.901	26.112.863
Other taxes and charges	4.737.071	5.428.817
Claims for defective tires	19.391.782	25.759.754
Transportation and storage expenses	710.598.163	799.469.260
Energy expenses	20.703.080	21.421.205
Insurance expenses	19.421.610	15.848.973
Consultancy expenses	42.522.129	25.477.669
Other expenses	134.856.812	159.538.030
Total	2.639.941.054	2.441.537.432

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21. EXPENSES BY NATURE (Cont'd)

The functional breakdown of depreciation, amortization and personnel expenses is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Depreciation and amortization expenses		
Cost of sales	1.133.255.495	1.084.893.168
Marketing expenses	170.596.212	163.079.845
General administrative expenses	158.867.995	136.673.974
Research and development expenses	11.222.467	5.056.419
	1.473.942.169	1.389.703.406

(*) As of 31 December 2023, TL 1.921.219 depreciation expense remained on inventories is recognized under cost of sales after the sales of related inventories in 2022.

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses		
Cost of sales	2.519.803.264	1.943.349.653
Marketing expenses	632.997.255	438.090.664
General administrative expenses	463.892.768	273.979.941
Research and development expenses	81.127.887	45.010.736
	3.697.821.174	2.700.430.994

22. OTHER OPERATING INCOME AND EXPENSES

Details of other operating income for years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Other operating expenses		
Foreign exchange losses on operations, net (**)	283.689.721	77.787.483
Due date expenses on trade payables	1.309.989.796	761.473.064
Loss from derivative financial instruments, net	8.593.086	29.371.634
Interest expense from operations	105.729.853	68.714.190
	1.708.002.456	937.346.371
	1 January- 31 December 2023	1 January- 31 December 2022
Other operating expenses		
Foreign exchange losses on operations, net (***)	884.826.276	991.638.253
Due date expenses on trade payables	944.196.362	785.401.427
Loss from derivative financial instruments, net (**)	247.443.494	96.692.327
Interest expense from operations	68.996.915	43.721.697
Credit card commission expenses	256.754.162	179.757.298
Other expenses	22.652.751	31.919.841
	2.424.869.960	2.129.130.843

(***) The amount consists of the foreign exchange gains and losses resulting from trade receivables and payables.

(**) The amount consists of gain and losses resulting from derivative instruments made for the purpose of balance sheet hedging.

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23. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
Income from Investing Activities		
FX protected TL deposit income (*)	555.104.626	171.149.595
Gain on sale of property, plant and equipment	614.247	1.365.703
	555.718.873	172.515.298
	1 January - 31 December 2023	1 January - 31 December 2022
Expenses from Investing Activities (-)		
Loss on sale of property, plant and equipment	11.761.135	215.605
	11.761.135	215.605

(*) For the period ending on 31 December 2023, the Group has accounted for the fair value difference of TL 13.828.940 related to the foreign exchange rate protected deposit account in its consolidated statement.

24. FINANCE INCOME AND EXPENSES

As of 31 December 2023 and 2022, details of financial income and expenses are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign currency gains from bank deposits	509.629.367	982.372.381
Interest income from banks	1.522.564.566	248.560.593
Interest income from Eurobond	14.544.105	6.673.051
Total finance revenues	2.046.738.038	1.237.606.025
	1 January- 31 December 2023	1 January- 31 December 2022
Interest expenses on borrowings	1.262.616.631	1.239.702.365
Interest expense included in cost of fixed assets	(3.215.731)	(20.437.146)
Total interest expense	1.259.400.900	1.219.265.219
Foreign currency losses from borrowings, net	242.239.756	193.235.809
Investment fund financing expenses	-	1.564.022
Interest expense related to leases	11.284.174	6.190.966
Sukuk issuance coupon participation expense	628.729.987	103.323.536
Bond commission and interest expense	882.207.618	-
Other financial expenses	81.632.716	93.265.939
Total finance expenses	3.105.495.151	1.616.845.491

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25. TAXATION ON INCOME

Corporation tax

	31 December 2023	31 December 2022
Corporate income tax provision for the current period (*)	113.368.202	46.149.134
Less: Prepaid taxes	(114.669.028)	(39.182.906)
Current tax liabilities /(assets)	(1.300.826)	6.966.228

(*) Current corporate tax provision includes the tax effect of TL 197.373 calculated at the effective tax rate of the foreign exchange loss of time deposits under hedging reclassified to other comprehensive income. (December 31, 2022: None TL).

The portion of the current corporate tax provision exceeding the prepaid corporate tax amount, amounting to TL 12.743.451, is included in Current Period Tax Assets and 11.442.625 Period Profit Tax Liability. (31 December 2022: Assets Related to Current Period Tax of TL 716.336).

The Company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is paid in the fourth month following the end of the relevant accounting period. It is declared until the evening of the twenty-fifth day and is paid in one installment until the end of the relevant month. Necessary provisions have been made in the accompanying consolidated financial statements for the estimated tax liabilities of the Group related to the current period operating results. The corporate tax rate to be accrued on the taxable corporate income is added to the tax base that cannot be deducted from the tax base, which is deducted from the tax base in the determination of the commercial income, tax-exempt gains, non-taxable income and It is calculated over the remaining base after deducting other discounts (past year losses, if any, and investment discounts used if preferred).

As of December 31, 2022, the corporate tax rate in Turkey is 25% for banks and financial institutions and 20% for other institutions. According to Article 21 of the "Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375" published in the Official Gazette dated July 15, 2023, and numbered 32249. Pursuant to Article 21 of the Law on Additional Motor Vehicles Tax and Amendments to Certain Laws and Decree Law No. 375, Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate has been amended to increase the general corporate tax rate from 20% to 25% and the rate for banks and financial institutions from 25% to 30%. This amendment will be effective for the taxation of corporate income for the periods starting from January 1, 2023, starting from the declarations to be submitted as of October 1, 2023.

Within the scope of the amendment, the tax rate used in deferred tax calculation as of December 31, 2023, is 25%. (December 31, 2022: 20%).

As of December 31, 2021, the conditions required for the inflation adjustment of the financial statements as of December 31, 2021, have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated January 29, 2022, and numbered 31734:

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25. TAXATION ON INCOME (Cont'd)

Corporate Tax (cont'd)

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods,

- December 31, 2023, dated financial statements will be subject to inflation adjustment in a way that will have no effect on the corporate tax base.

Pursuant to the "General Communiqué on Tax Procedure Law No. 555" published in the Official Gazette dated December 30, 2023 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2023 accounting period are subject to inflation adjustment. The aforementioned inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of January 1, 2024, and inflation effects will not be taken into consideration in the calculation of the period tax for 2023.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of December 31, 2023, are included in the deferred tax calculation as of December 31, 2023.

	1 January- 31 December 2023	1 January - 31 December 2022
Current tax expense (-) (*)	(398.600.672)	(46.275.709)
Deferred tax expense /income	1.082.388.232	(261.894.156)
	683.787.560	(308.169.865)

(*) In accordance with the "Law on Restructuring of Certain Receivables and Amendments to Certain Laws" numbered 7440 published in the Official Gazette on March 12, 2023, additional tax at the rate of 10% on the exemption and discount amounts deducted from corporate income in accordance with the regulations in the laws and the bases subject to reduced corporate tax, without being associated with the period earnings, and 5% on exempt earnings, by showing in the corporate tax declaration for the year 2022. As of December 31, 2023, additional tax amounts calculated within the scope of the regulation have been accrued in the Group's financial statements and the effect of the tax expense for the period is TL 186.419.758. Payments related to this tax were made in two installments in 2023.

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25. TAXATION ON INCOME (Cont'd)

Corporate Tax (cont'd)

As of December 31, 2023, and 2022, the reconciliation of tax expense in the income statements for the years ended December 31, 2023 and 2022 is as follows

	1 January- 31 December 2023	%	1 January- 31 December 2022	%
Reconciliation of tax provision:				
Profit before taxation on income	3.288.779.914		2.817.662.833	
Corporate tax rate %20 (2022: %23)	(822.194.979)	(25,00)	(648.062.452)	(23,00)
Tax effect:				
- Non-taxable income (*)	164.913.772	5,01	50.907.726	1,81
- Non-deductible expenses	(79.850.765)	(2,43)	(42.128.304)	(1,50)
- Non-deductible expenses, additional tax	(186.418.353)	(5,67)	--	--
- Corporate tax rate change effect	(2.022.599)	(0,06)	(24.360.054)	(0,86)
- R&D incentive	41.953.163	1,02	39.892.438	1,42
- Discounted corporate tax deferred tax income / (expense)	(286.575.053)	0,05	209.813.218	7,45
- Income tax exemption arising from fx protected TL deposit	(930.597)	(0,02)	--	--
- Monetary gain / (loss)	1.153.350.282	31,32	(573.630.613)	(20,36)
- Other	(1.896.956)	(0,05)	22.889.986	0,81
- Reduced corporate tax	703.459.645	17,13	656.508.190	23,30
Tax provision income / (expense) in the statement of profit or loss	683.787.560	20,79	(308.169.865)	(10,94)

(*) The Group has obtained Corporate Tax Exemption advantage amounting to TL 103.471.776 due to the income from the foreign exchange protected TL deposit account

Tax legislation in Turkey does not allow the Company and its subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the consolidated financial statements has been calculated on a company-by-company basis.

According to the Corporate Tax Law, financial losses shown on the return can be deducted from the corporate tax base of the period, if they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made to resident joint stock companies in Turkey, to those who are not responsible for and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 10% income tax. Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to the capital.

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25. TAXATION ON INCOME (Cont'd)

Corporate Tax (cont'd)

Dividend income derived by corporations from participation in the capital of another corporation subject to full taxation is exempt from corporate tax. In addition, 75% of the gains arising from the sale of founders' shares, usufruct shares and preemptive rights of founders' shares, usufruct shares and preemptive rights of real estates (immovable properties) owned by the corporations for at least two full years are exempt from corporate tax. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for immovable properties and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of July 15, 2023, with the amendment made, the 50% tax exemption stipulated in Law No. 5520 for the gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties included in the assets of the enterprises before July 15, 2023.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

There is no practice in Turkey to reach an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment as a result of their findings.

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with Presidential Decision No. 4936, published in the Official Gazette dated December 22, 2021, and numbered 31697, the provisions of the Income Tax Law No. have been decreased to 10%. The withholding tax rates in the relevant Double Taxation Prevention Agreements are also taken into account in the application of the withholding tax rates for profit distributions to non-resident companies and real persons. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

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25. TAXATION ON INCOME (Cont'd)

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal consolidated financial statements and the consolidated financial statements prepared in accordance with TFRS. These differences are generally since some income and expense items are included in different periods in the tax base consolidated financial statements and in the consolidated financial statements prepared in accordance with TFRS, and the said differences are stated below.

	Temporary differences		Deferred income tax Assets/ liability	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax assets				
Foreign currency forward transactions valuation differences	448.181.481	-	112.045.370	-
Allowance for doubtful receivables	107.658.199	129.298.047	26.914.550	25.859.608
Provision for employment termination benefits	397.373.590	952.869.948	99.343.397	190.573.991
Trade receivables	375.805.694	314.098.488	93.951.424	62.819.698
Provision for bonus premium	167.884.858	93.924.679	41.971.215	18.784.936
Inventories	179.426.149	-	44.856.537	-
Provision for lawsuits	54.346.955	49.483.291	13.586.739	9.896.659
Provision for unused vacation liability	37.564.761	40.046.913	9.391.190	8.009.383
Provision for warranty claims	18.469.681	10.877.201	4.617.420	2.175.440
Investment incentive	-	-	223.518.291	510.093.344
Export seasonality adjustment	42.535.402	51.651.845	10.633.850	10.330.369
Lease liability	60.364.912	59.261.558	15.091.228	11.852.311
Deferred income	119.655.096	112.232.119	13.900.424	22.446.424
Other provisions	83.773.935	73.803.400	20.943.484	14.760.680
Prepaid Expenses	164.545	-	41.136	-
Other	29.579.857	33.220.318	7.394.964	6.233.758
	2.122.785.115	1.920.767.807	738.201.219	893.836.601
Deferred tax liabilities				
Forward currency valuation differences	-	237.086.488	-	47.417.296
Tangible and intangible assets	1.322.984.832	8.503.390.624	330.746.207	1.700.678.124
Trade payables	141.566.947	111.820.881	35.391.737	22.364.177
Inventories	-	7.067.109	-	1.413.421
Prepaid Expenses	-	104.551.482	-	20.910.296
Other	211.783.962	5.095.221	52.945.994	1.019.046
	1.676.335.741	8.969.011.805	419.083.938	1.793.802.360
Deferred tax assets / (liabilities), net			319.117.281	(899.965.759)

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25. TAXATION ON INCOME (Cont'd)

Movement tables of deferred taxes for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening as of 1 January	(899.965.759)	(772.915.527)
Acquire effect (Not 3)	-	(39.472.782)
Recognized in profit or loss statement	1.082.388.232	(261.894.156)
Income / (expense) recognized in equity	136.694.808	174.316.706
Closing as of 31 December	319.117.281	(899.965.759)

The movements of deferred tax income/(expense) for the years ended 31 December are as follows:

	1 January 2022	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2022
Allowance for doubtful receivables	25.859.608	1.054.942	-	26.914.550
Provision for employment termination benefits	190.573.991	(94.489.245)	3.258.651	99.343.397
Trade receivables	62.819.698	31.131.726	-	93.951.424
Provision for bonus premium	18.784.936	23.186.279	-	41.971.215
Inventories	(1.413.421)	46.269.958	-	44.856.537
Provision for lawsuits	9.896.659	3.690.080	-	13.586.739
Provision for unused vacation liability	8.009.383	1.381.807	-	9.391.190
Provision for warranty claims	2.175.440	2.441.980	-	4.617.420
Investment incentive	510.093.344	(286.575.053)	-	223.518.291
Export seasonality adjustment	10.330.369	303.481	-	10.633.850
Leasing liability	11.852.311	3.238.917	-	15.091.228
Deferred income	22.446.424	(8.546.000)	-	13.900.424
Other provision	14.760.680	6.182.804	-	20.943.484
Forward currency valuation differences	(47.417.296)	26.026.509	133.436.157	112.045.370
Tangible and intangible assets	(1.700.678.124)	1.369.931.917	-	(330.746.207)
Trade Payables	(22.364.176)	(13.027.561)	-	(35.391.737)
Prepaid Expenses	(20.910.296)	20.951.432	-	41.136
Other	5.214.711	(50.765.741)	-	(45.551.030)
	(899.965.759)	1.082.388.232	136.694.808	319.117.281

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25. TAXATION ON INCOME (Cont'd)

	1 January 2022	Acquire Effect	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2022
Inventories	28.062.317	(2.179.550)	(27.296.188)	-	(1.413.421)
Allowance for doubtful receivables	29.484.746	4.009.762	(7.634.900)	-	25.859.608
Provision for employment termination benefits	91.225.861	912.454	(24.200.864)	122.636.540	190.573.991
Trade receivables	23.353.917	-	39.465.781	-	62.819.698
Provision for bonus premium	20.658.764	-	(1.873.828)	-	18.784.936
Provision for lawsuits	9.022.799	(114.684)	988.544	-	9.896.659
Provision for unused vacation liability	5.645.863	2.402.255	(38.735)	-	8.009.383
Provision for warranty claims	1.195.233	-	980.207	-	2.175.440
Investment incentive	493.270.162	-	16.823.182	-	510.093.344
Export seasonality adjustment	4.889.532	5.334.625	1.628.154	-	11.852.311
Leasing liability	9.092.434	-	1.237.935	-	10.330.369
Deferred income	-	25.321.525	(2.875.101)	-	22.446.424
Other provision	-	-	14.760.680	-	14.760.680
Forward currency valuation differences	(113.085.449)	-	13.987.987	51.680.166	(47.417.296)
Tangible and intangible assets	(1.365.034.652)	(70.377.883)	(265.265.589)	-	(1.700.678.124)
Provision for lawsuits	(17.280.149)	(166.907)	(4.917.120)	-	(22.364.176)
Prepaid Expenses	(13.249.980)	-	(7.660.316)	-	(20.910.296)
Other	19.833.075	(4.614.379)	(10.003.985)	-	5.214.711
	(772.915.527)	(39.472.782)	(261.894.156)	174.316.706	(899.965.759)

Investment incentive certificate

T.R. Pursuant to the letter of the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital dated 10 June 2013 and numbered 40613, the Large Scaled Investment Incentive Certificate of 366.623.571 TL issued within the scope of Regional Incentive Practices, dated 1 June 2010, and numbered 5534, is valid. Within the scope of investments, the Investment Incentive Certificate numbered 5534/B amounting to TL 481.014.717 was reissued. With the said change, the investment amount increased by TL 114.391.146 and the investment contribution rate provided by the investment incentive certificate increased from 20% to 30%. The tax deduction rate is 50%. The term of the said document expired on May 20, 2015, and an investment completion visa amounting to TL 472.729.954 was obtained on June 29, 2017. The company benefited from reduced corporate tax amounting to TL 36.793.195 between 2010 and 2022, and TL 11.433.688,77 for the accounting period of 1 January - 31 December 2023.

The Group's investment incentive certificate application to the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital was approved and the Investment Incentive Certificate dated August 20, 2015 and numbered 120314 was issued for the expansion investment amounting to TL 690.443.917 with a start date of May 21, 2015 and an end date of May 21, 2020 within the scope of large scale investments. The investment contribution rate provided by the investment incentive certificate is 25% and the tax reduction rate is 50%. On July 22, 2022, the amount of the certificate was increased to TL 1.513.666.277.

On 20 December 2022, the document was revised again and the total investment amount was increased to TL 2.087.461.936. In addition, the document was revised on September 15, 2023 and the total investment amount was increased to TL 2.773.279.042.

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25. TAXATION ON INCOME (Cont'd)

Investment incentive certificate (cont'd)

The investment period of the first investment incentive certificate dated August 20, 2015 for the Group's İzmit factory was extended by the "Decision on the Amendment of the Decision on State Aids in Investments (Decision No: 323)" published in the Official Gazette dated November 9, 2018 and numbered 30590. According to Article 2 of this published decision, the duration of the document was extended by 2.5 years to November 2022. In accordance with the provision of the provisional article 14 amended by the Presidential Decree No. 2021/4191 published in the Official Gazette dated 29 June 2021 and numbered 31526, it was extended until November 21, 2024 with an additional extension of 2 years. Within the scope of this incentive certificate, the Group benefited from reduced corporate tax amounting to TL 84.383.269 between 2015 - 2022 and TL 281.516.681 between 1 January - 31 December 2023.

In line with the Group's decision to invest in the second factory to be located in Aksaray Organized Industrial Zone, the application for Investment Incentive Certificate made to the Republic of Turkey Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital has been approved and Investment Incentive Certificate dated 13 February 2014 and numbered 113798 has been issued for the new factory investment amounting to TL 495.000.000 with a start date of 9 October 2013 within the scope of Large Scale Investments. The investment contribution rate provided by the investment incentive certificate is 60% and the tax reduction rate is 90%.

Pursuant to the letter dated March 28, 2016 and numbered 67577454-401.07 - E.36663 of the Republic of Turkey Ministry of Economy, General Directorate of Incentive Implementation and Foreign Investment, the domestic and imported machinery and equipment lists for the Complete New Investment in Aksaray Factory were revised and approved and the total investment expenditure was increased to 755,998,847 TL. On February 9, 2021, the document was revised again, and the total investment amount was increased to 1.238.225.012 TL. In addition, on October 5, 2021, the document was revised again, and the total investment amount was increased to TL 1,374,547,375. There has been no change in the support elements that the new investment incentive certificate will benefit from. Within the scope of this incentive certificate, the Group has benefited from reduced corporate tax amounting to TL 694.357.286 between 2013 - 2022 and TL 211.822.275,11 between 1 January - 31 December 2023.

The term of the investment incentive certificate dated October 9, 2013 and numbered 113798 for the Group's Aksaray factory has been extended from October 9, 2018 to April 9, 2022 with the extension permission obtained on March 23, 2021. In addition, the investment period of the incentive certificate was extended until April 9, 2023 in accordance with the provision of the provisional article 14 amended by the Presidential Decree No. 2021/4191 published in the Official Gazette dated June 29, 2021 and numbered 31526. Due to the expiration of the certificate, the application for the closure of the investment incentive certificate has been made as of 07.03.2023 and the document closure processes have been completed on 23.01.2024 with the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy.

In line with the expansion investment decision of the Group in Aksaray factory, the investment incentive certificate application made to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy has been approved and a new 3-year incentive certificate with a start date of 27.12.2022, number 551117 and dated 30.03.2023 amounting to TL 934.558.927 has been issued within the scope of regional priority investments. The investment contribution rate of the certificate is 40% and the tax discount rate is 80%. On February 15, 2024, the document was revised again and the total investment amount was increased to TL 1.283.921.977. Pursuant to the provisional Article 8 of the Decree on the Amendment of the Decree on State Aids in Investments dated 15.06.2012 and numbered 2012/3305, 15% additional contribution amount right and 100% tax deduction right has been obtained for the investment expenditures made within the scope of our Aksaray incentive certificate numbered 113798 and İzmit incentive certificate numbered 120314 between 2017-2022.

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25. TAXATION ON INCOME (Cont'd)

Investment incentive certificate (cont'd)

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized for deductible temporary differences, tax losses and investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax. In this context, the Group bases the recognition of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans and evaluates the recoverability of deferred tax assets related to such investment incentives at each balance sheet date based on business models including taxable profit forecasts.

Changes in taxable profit estimates, capital expenditure amounts and the current year corporate tax rate have been reflected in the business model and sensitivity analyses have been performed and there has been no significant change in the recoverability of deferred tax assets.

As of December 31, 2023, in the sensitivity analysis performed by increasing/decreasing the inputs included in the basic macroeconomic and sectoral assumptions that make up the business plans by 10%, there is no change in the recovery period of deferred tax assets related to investment incentives, which is projected as 3 years.

As of December 31, 2023, the Group estimates that it will be able to benefit from reduced corporate tax amounting to TL 1.588.073.525 in the following years within the scope of incentivized investment certificates. However, due to the unpredictability of the realization of the benefit, the Group has recognized deferred tax assets amounting to TL 223.518.291 calculated for the foreseeable 3 years.

26. EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	31 December 2023	31 December 2022
Average number of shares during the period	30.511.687.500	30.511.687.500
Net profit for the period	3.985.644.200	2.509.042.736
Profit attributable to redeemed to shares	164.438.996	140.883.142
Earnings shares with nominal value of TL 1	12,524	7,761
Diluted earnings share with nominal value of TL 1	12,524	7,761

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Trade receivables from related parties generally arise from sales transactions and their approximate maturity is 9 days (31 December 2022: 8 days). Trade payables to related parties generally arise from purchase transactions and have an approximate maturity of 152 days (31 December 2022: 158 days).

Balances with related parties

	31 December 2023			
	Receivables		Payables	
	Short / Long term		Short / Long term (*)	
	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
H.Ö. Sabancı Holding A.Ş.	-	-	-	-
Bridgestone Corporation	14.071	15.131	373.713.083	3.179.427
Other companies managed by the main partners				
Bridgestone Europe S.A/N.V.	115.787.890	404.583	79.694.962	-
Bridgestone Italia Manufacturing S.A.	-	-	4.484.342	-
Bridgestone Poznan Sp. Z.O.O	-	-	975.911	-
Bridgestone Tatabanya Termelo Kft.	-	-	1.632.358	-
Bridgestone Hispania	-	-	1.142.753	-
Akbank T.A.Ş (*)	215.517.887	-	5.646.610	-
Ak Sigorta A.Ş.	-	-	1.945.734	-
Akçansa Çimento San.ve Tic. A.Ş	1.197.727	-	-	-
Bridgestone Singapore Pte. Ltd.	-	-	1.287.706.732	-
Temsa Ulaşım Araçları San. Tic. A.Ş.	24.166.003	-	-	-
Kordsa Teknik Tekstil A.Ş.	-	-	339.104.960	-
Enerjisa Enerji Üretim A.Ş.	-	-	60.846.601	-
Bridgestone Logistic Co. LTD.	-	-	1.343.197	-
Bridgestone Plant Engineering Co.Ltd.	-	-	6.518.288	-
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	-	-	44.769.041	-
Bridgestone Carbon Black Co. Ltd.	-	-	10.142.648	-
Enerjisa Müşteri Çözümleri A.Ş	-	-	63.655.748	-
Firestone Polymers, LLC.	-	-	3.406.262	-
Lasder Lastik Sanayicileri Derneği	-	-	4.346.028	-
Vista Turizm ve Seyahat A.Ş.	-	-	2.219.089	-
Other	3.000.836	129.967	2.783.728	-
	359.684.414	549.681	2.296.078.075	3.179.427

(*) Akbank T.A.Ş. includes credit card pos receivables over 90 days.

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

Balances with related parties	31 December 2022			
	Receivables		Payables	
	Short / Long term		Short / Long term (*)	
	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
H.Ö. Sabancı Holding A.Ş.	-	-	234.965	-
Bridgestone Corporation	1.022.458	-	310.878.761	3.328.622
Other companies managed by the main partners				
Bridgestone Europe S.A./N.V.	74.790.840	-	52.045.750	-
Bridgestone Italia Manufacturing S.A.	1.601.183	-	-	-
Bridgestone Poznan Sp. Z.O.O.	7.620.880	-	-	-
Bridgestone Hispania	-	-	-	-
Akbank T.A.Ş. (*)	227.923.112	-	-	-
Ak Sigorta A.Ş.	66.750	-	5.121.835	-
Bridgestone Singapore Pte. Ltd.	-	-	1.432.805.030	-
Temsa Ulaşım Araçları San. Tic. A.Ş.	22.174.898	-	-	-
Kordsa Teknik Tekstil A.Ş.	-	-	428.207.587	-
Enerjisa Enerji Üretim A.Ş.	-	-	90.892.298	-
Raidflow Limite	-	-	6.203.921	-
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	-	-	45.867.934	-
Bridgestone Carbon Black Co. Ltd.	-	-	12.444.880	-
BSEU TCE	848.490	-	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.	2.945.088	-	-	-
Bridgestone Plant Engineering CO. L	-	-	273.444	-
Enerjisa Müşteri Çözümleri A.Ş.	-	-	39.642.879	-
Firestone Polymers, LLC.	-	-	6.287.921	-
LASDER Lastik Sanayicileri Derneği	-	-	6.114.894	-
Other	1.603.443	252.541	9.674.145	-
	340.597.142	252.541	2.446.696.244	3.328.622

(*) Akbank T.A.Ş. includes credit card pos receivables over 90 days.

	1 January- 31 December 2023	1 January- 31 December 2022
Sales of finished goods and trade goods		
Shareholders		
Bridgestone Corporation	1.056.412	1.713.554
Other companies managed by the main partners		
Bridgestone Europe SA./N.V.	2.140.337.851	2.650.370.299
Bridgestone Italia Manufacturing S.A.	-	21.384
Temsa Ulaşım Araçları San.ve Tic. A.Ş.	77.858.347	63.663.253
Bridgestone Tatabanya Termelo	-	654.706
Bridgestone Poznan Sp. Z.o.o.	4.603.551	8.712.548
Bridgestone Hispania	-	116.964
Akbank T.A.Ş.	104.182	209.826
Other	7.902.388	16.093.614
	2.231.862.731	2.741.556.148

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES /

	1 January- 31 December 2023	1 January- 31 December 2022
Other sales		
Shareholders		
Bridgestone Corporation	904.437	201.316
Other companies managed by the main partners		
Bridgestone Europe SA./N.V.	4.546.093	4.464.872
Temsa Ulaşım Araçları San.ve Tic. A.Ş.	2.497.094	1.355.622
Temsa Motorlu Araçlar Paz. Dağ. A.Ş.	-	1.144.460
Other	6.841.046	15.899.844
	14.788.670	23.066.114
Purchases of Raw Materials, Semi Finished Goods and Consumables		
Shareholders		
Bridgestone Corporation	37.080.573	40.468.742
Other companies managed by the main partners		
Bridgestone Singapore Pte. Ltd.	2.644.170.435	3.382.490.107
Kordsa Teknik Tekstil A.Ş.	953.686.112	1.115.380.135
Bridgestone (Shenyang) Steel Cord Co.	-	3.191.581
Bridgestone Carbon Black Co. Ltd.	79.472.057	66.116.924
Firestone Polymers, LLC.	61.121.482	85.680.565
Other	39.601.516	31.767.384
	3.815.132.175	4.725.095.438
Purchases of finished goods and trade goods		
Shareholders		
Bridgestone Corporation	368.439.870	430.072.335
Other companies managed by the main partners		
Bridgestone Europe SA./N.V.	976.395.361	768.885.749
Enerjisa Enerji Üretim A.Ş.	686.759.395	711.667.509
Enerjisa Doğalgaz Toptan Satış A.Ş.	-	23.684
Bridgestone Brasil	20.959.815	-
Other	82.823.728	16.861.851
	2.135.378.169	1.927.511.128

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	1 January- 31 December 2023	1 January- 31 December 2022
Purchases of services		
Shareholders		
H. Ö. Sabancı Holding A.Ş.	2.617.122	2.597.246
Other companies managed by the main partners		
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	89.783.899	114.744.373
Aksigorta A.Ş.	112.463.635	97.613.749
Lasder Lastik San. Derneği İktisadi İşletmesi	28.065.856	28.831.848
Vista Turizm ve Seyahat A.Ş.	15.541.172	12.505.699
Other	3.961.284	4.110.954
	252.432.968	260.403.869
	1 January- 31 December 2023	1 January- 31 December 2022
Rent Expense		
Other companies managed by the main partners		
Exsa Export Sanayi Mamulleri A.Ş.	2.391.688	3.717.222
Temsa Motorlu Araçlar Pazarlama A.Ş.	120.263	185.996
Teknosa İç ve Dış Ticaret A.Ş.	249.106	250.584
Ak Finansal Kiralama A.Ş.	894.426	-
	3.655.483	4.153.802
	1 January- 31 December 2023	1 January- 31 December 2022
Purchase of fixed assets		
Shareholders		
Bridgestone Corporation	330.325.257	52.271.360
Other companies managed by the main partners		
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	18.957.635	30.240.475
Enerjisa Müşteri Çözümleri A.Ş.	45.608.912	-
Bridgestone Plant Eng.	21.924.015	12.276.655
Bridgestone Logistics Co.	411.269	7.180.624
Other	10.953.595	22.836.252
	428.180.683	124.805.366

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	1 January- 31 December 2023	1 January- 31 December 2022
Commission expense		
(Sales premium, Royalty, and Interest Expense)		
Shareholders		
Bridgestone Europe SA./N.V.	426.352.953	433.041.403
Bridgestone Corporation	80.872	149.693
	426.433.825	433.191.096
	1 January- 31 December 2023	1 January- 31 December 2022
Financial Income		
Akbank T.A.Ş.	455.516.043	186.676.975
	455.516.043	186.676.975
Financial Expense		
Akbank Malta	45.733.091	27.553.687
Akbank T.A.Ş.	448.433.612	214.147.779
Ak Yatırım Menkul Değerler A.Ş.	847.762.158	-
	1.341.928.861	241.701.466
	31 December 2023	31 December 2022
Demand deposits		
Akbank T.A.Ş.	282.363.632	144.555.104
	282.363.632	144.555.104
Time deposits (**) (less than 3 months)		
Akbank T.A.Ş.	1.322.800.096	1.345.440.438
	1.322.800.096	1.345.440.438
Credit card slip receivables		
Akbank T.A.Ş.	442.961.755	474.992.674
	442.961.755	474.992.674
Derivative assets		
Akbank Malta	414.649.329	1.767.193.640
	414.649.329	1.767.193.640
Financial investment		
Akbank T.A.Ş.	1.259.048.663	866.914.825
	1.259.048.663	866.914.825
Short-term financial liabilities		
Akbank T.A.Ş.	1.675.401.652	702.910.130
Ak Yatırım Menkul Değerler A.Ş.	2.158.799.784	-
	3.837.201.436	702.910.130
Long-term financial liabilities		
Akbank T.A.Ş.	336.974.574	-
Ak Yatırım Menkul Değerler A.Ş.	743.259.275	-
	1.080.223.849	-

(**) The interest rates of time deposits of the Group from related parties are 44,46%, 0,01%, 0,01% and 0,01% for TL, USD and EUR, respectively and their maturities are January 2024.

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	31 December 2023	31 December 2022
Advanced given		
Bridgestone Corporation	185.545	7.319.961
Bridgestone Europe S.A/N.V.	-	18.039.032
Bridgestone Logistic Co. LTD.	-	1.461.054
Bridgestone Plant Engineering	-	254.896
Vista Turizm ve Seyahat A.Ş.	18.451.516	-
Bridgestone Europe N.V./S.A.	-	8.227
	18.637.061	27.083.170
Advances received		
Bridgestone Europe N.V./S.A.	19.352.532	1.189.727
	19.352.532	1.189.727

There are no guarantees received or given due to transactions with related parties.

The senior management team of the Group consists of the members of the Board of Directors and the members of the Executive Board. Benefits provided to senior executives include wages, severance pay, premiums, private pension, health insurance, life insurance, rent paid to foreign personnel, overseas moving expenses, passenger car rentals, fuel and mobile phone, etc. consists of payments made within the scope of other expenses, severance pay and other provisions.

The benefits provided to senior management personnel for the periods ending on 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits	178.523.247	87.687.236
Employment termination benefits	834.950	1.531.616
Other long-term benefits	2.592.073	1.635.683
	181.950.270	90.854.535

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including currency risk, interest rate risk), credit risk and funding risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Chief Financial Officer of Brisa under policies approved by the board of directors. Chief Financial Officer identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

As of 31 December 2022, and 31 December 2021, liquidity risk analysis of the financial liabilities of the Group is as follows:

31 December 2023	Carrying value	Contractual flows total (I+II+III+IV)	Less than 3 (I)	3-12 Months (II)	1-5 years (III)	Over 5 Years (IV)
Contractual Maturities						
Non-derivative financial liabilities						
Unsecured bank loans (*)	15.489.018.802	15.524.827.403	3.239.801.637	6.467.737.489	5.817.288.277	-
Lease liabilities	60.364.912	67.582.090	8.198.693	15.826.598	43.556.799	-
Factoring payables	62.673.173	62.673.173	15.668.293	47.004.880	-	-
Trade payables	6.428.602.127	6.570.169.074	2.489.336.735	4.080.832.339	-	-
Other payables	277.141.479	277.141.479	239.576.718	37.564.761	-	-
Total liabilities	22.317.800.493	22.502.393.219	5.992.582.076	10.648.966.067	5.860.845.076	-
	Carrying value	Contractual Flows total (I+II+III+IV)	3 months (I)	3-12 months (II)	1-5 years(III)	Over 5 years (IV)
Derivative financial liabilities						
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	(122.817.512)	(122.817.512)	(122.817.512)	-	-	-
	(122.817.512)	(122.817.512)	(122.817.512)	-	-	-

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS(Cont'd)

(a) Liquidity risk (cont'd)

31 December 2022	Carrying values	Contractual Flows Total (I+II+III+IV)	3 months (I)	3-12 months (II)	1-5 years (III)	Over 5 years (IV)
Contractual Maturities						
Non-derivative financial liabilities						
Unsecured bank loans (*)	11.159.127.782	11.207.244.804	2.148.872.825	6.266.163.561	2.792.208.418	-
Lease liabilities	60.742.153	61.978.510	9.757.610	29.243.653	22.977.247	-
Factoring payables	33.858.876	33.858.876	8.464.719	25.394.157	-	-
Trade payables	7.210.110.088	7.321.930.969	4.413.868.006	2.908.062.963	-	-
Other payables	287.660.702	287.660.702	247.677.784	39.982.918	-	-
Total liabilities	18.751.499.601	18.912.673.861	6.828.640.944	9.268.847.252	2.815.185.665	-
Contractual Maturities						
	Carrying values	Contractual Flows Total (I+II+III+IV)	3 months (I)	3-12 months (II)	1-5 years (III)	Over 5 years (IV)
Derivative financial liabilities						
Derivative cash inflows	11.958.516	11.958.516	11.958.516	-	-	-
Derivative cash outflows	(69.811.997)	(69.811.997)	(69.811.997)	-	-	-
	(57.853.481)	(57.853.481)	(57.853.481)	-	-	-

(*) Cash outflows from bank loans are shown in cash flows that are fixed by cross currency and interest swap agreements.

(b) Market Risk

Interest rate risk

The Group's floating rate loans are exposed to risk as a result of differences resulting from the repricing of various variable rate indicators. The purpose of risk management is to optimize net interest income by keeping market interest rates in line with the Group's operating policies. The Group has secured 90% of its floating rate US Dollar loan against the risk of fluctuations in interest rates in the market. In accordance with this policy, the Group has signed cross rate swap agreements for its floating rate loans. Therefore, as of 31 December 2023 and 2022, the loans under the scope of protection are stated in the table below with fixed interest rates:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rate		
Financial liabilities	15.149.157.747	10.732.161.923
Time deposits	9.420.111.323	2.635.083.497
Financial investments	1.332.023.910	2.045.833.748
Financial instruments with variable interest rate		
Financial liabilities	400.225.967	487.708.012

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(b) Market Risk (cont'd)

Fair value risk of fixed rate instruments:

The Group has no fixed rate financial assets and liabilities at fair value through profit or loss and hedging derivative instruments (forward interest rate swaps) recorded under the fair value hedge accounting model. Therefore, changes in interest rates as of the reporting period will not affect profit or loss.

Foreign exchange risk

Operating in the international arena, the Group is exposed to exchange rate risk arising from exchange rate changes due to the conversion of foreign currency denominated debts or creditors into Turkish Lira. The said exchange rate risk is followed by analyzing the foreign exchange position. In addition, it is aimed to provide an effective protection against economic risks with foreign currency and forward transactions. The Group carries out its currency risk policy practices and transactions with derivative and non-derivative financial instruments within the framework of the rules and limits in the document officially documented under the name of "Currency Risk Hedge Policy" and given the necessary approvals by the senior management.

Derivative financial instruments

Derivative financial instruments of the Group consist of forward foreign currency purchase and sale contracts, commodity forward contracts, option contracts and cross currency and interest rate swaps. At the same time, time deposits are used as a hedging instrument. The said derivative and non-derivative financial instruments provide an effective protection against risks for the Group economically and are accounted for as hedging derivative financial instruments in the consolidated financial statements since they meet the requirements of TAS 39 "Accounting for financial instruments" in terms of risk accounting. The Group presents the gains and losses related to the effective hedging transaction as "financial hedge fund" in equity. Derivative financial instruments with a positive fair value are recognized in the balance sheet as assets, and negative ones are recognized as liabilities.

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(b) Market Risk (cont'd)

Foreign exchange risk (cont'd)

The Group's assets and liabilities denominated in foreign currencies at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023				
	TL Equivalent (Functional currency)	US Dollar	Euro	JPY	GBP
Foreign currency position table					
Cash and cash equivalents	649.415.057	17.009.823	3.477.688	8.724.840	896.981
Trade receivables	128.895.373	309.735	2.780.394	-	780.121
Trade receivables from related parties	117.707.840	-	3.613.563	-	-
Other receivables	844.616	360	21.765	602.732	-
Trade receivables from other parties	549.685	-	16.875	-	-
Current Assets	897.412.571	17.319.918	9.910.285	9.327.572	1.677.102
Trade receivables	36.852	345	-	-	713
Non-Current Assets	36.852	345	-	-	713
Total Assets	897.449.423	17.320.263	9.910.285	9.327.572	1.677.815
Trade payables	1.768.658.868	13.831.953	41.449.677	30.795.670	45.021
Trade payables to related parties	2.013.559.983	49.621.737	12.456.158	687.957.006	-
Other payables	-	-	-	-	-
Other payables to related parties	3.176.154	-	-	15.208.477	-
Short-term portion of long-term bank borrowings	1.651.601.765	53.092.915	2.629.968	-	-
Short-term Liabilities	5.436.996.770	116.546.605	56.535.803	733.961.153	45.021
Long-term financial liabilities	2.558.987.490	34.420.588	47.310.959	-	-
Long-term Liabilities	2.558.987.490	34.420.588	47.310.959	-	-
Total Liabilities	7.995.984.260	150.967.193	103.846.762	733.961.153	45.021
Net Foreign Currency Position	(7.098.534.837)	(133.646.930)	(93.936.477)	(724.633.581)	1.632.794
Total foreign currency amount of off-balance sheet derivative financial assets	6.063.640.674	150.347.336	49.940.927	-	-
Total foreign currency amount of off-balance sheet derivative financial liabilities (*)	6.063.640.674	150.347.336	49.940.927	-	-
Net foreign currency asset/ (liability) position	(1.034.894.163)	16.700.406	(43.995.550)	(724.633.581)	1.632.794
Fair Value of Financial Instruments Used for Foreign Exchange Hedge	(122.817.512)	-	-	-	-
Hedged Amount of Foreign Currency Assets	-	-	-	-	-
Hedged Amount of Foreign Currency Liabilities	(6.063.640.674)	(150.347.336)	(49.940.927)	-	-
Export (**)	9.224.206.639	156.640.100	378.109.288	-	15.772.867
Import (**)	11.310.114.943	297.497.734	346.405.867	3.370.997.863	474.528

(*) In addition, as of 31 December 2023, the Group has made forward transactions amounting to USD 118.598.624, Options amounting to USD 5.000.000 and time deposits amounting to USD 15.000.000 in order to hedge the foreign exchange risk of import transactions to be realized in 2024. These amounts are not shown in cash and cash equivalents in the currency risk statement.

(**) In the export and import foreign currency balances of 2023 and 2022, the exclusion of sales and purchases from maturity is not taken into account. The exchange rates on the export dates are taken into account for the TL equivalents of exports. The monthly average exchange rate was used to calculate the TL equivalent of imports.

(***) The Group also keeps 1.328.064.277 TL in its foreign currency protected deposit accounts for the foreign currency balances that it can recover when due in order to hedge against currency risks (Note 4).

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(b) Market Risk (Cont'd)

	31 December 2022				
	TL Equivalent (Functional currency)	US Dollar	Euro	JPY	GBP
Foreign currency position table					
Cash and cash equivalents (*)	920.578.226	28.269.958	1.128.424	2.208.156	322.369
Trade receivables	408.899.916	3.041.882	8.194.346	-	1.235.399
Other receivables	1.129.344	360	32.593	204.700	-
Trade receivables from related parties	-	-	-	-	-
Current Assets	252.531	-	7.688	-	-
Trade receivables	1.330.860.017	31.312.200	9.363.051	2.412.856	1.557.768
Non-Current Assets	37.188	345	-	-	713
Total Assets	37.188	345	-	-	713
Trade payables	1.330.897.205	31.312.545	9.363.051	2.412.856	1.558.481
Trade payables to related parties	2.544.201.616	11.637.236	64.911.681	182.876.623	165.675
Other payables	2.094.588.703	53.682.617	12.030.467	178.263.921	-
Other payables to related parties	3.323.228	-	-	14.179.518	-
Short-term bank borrowings	531.798.186	17.229.658	-	-	-
Short-term portion of long-term bank borrowings	2.413.457.218	78.193.276	-	-	-
Short-term Liabilities	7.587.368.951	160.742.787	76.942.148	375.320.062	165.675
Long-term financial liabilities	2.187.132.330	70.860.606	-	-	-
Long-term Liabilities	2.187.132.330	70.860.606	-	-	-
Total Liabilities	2.187.132.330	70.860.606	-	-	-
Net Foreign Currency Position	9.774.501.281	231.603.393	76.942.148	375.320.062	165.675
Total foreign currency amount of off-balance sheet derivative financial assets	(8.443.604.076)	(200.290.848)	(67.579.097)	(372.907.206)	1.392.806
Total foreign currency amount of off-balance sheet derivative financial liabilities (*)	6.298.179.856	204.053.882	-	-	-
Net foreign currency asset/ (liability) position	-	-	-	-	-
Fair Value of Financial Instruments Used for Foreign Exchange Hedge	6.298.179.856	204.053.882	-	-	-
Hedged Amount of Foreign Currency Assets	(2.145.424.220)	3.763.034	(67.579.097)	(372.907.206)	1.392.806
Hedged Amount of Foreign Currency Liabilities	55.247.736	-	-	-	-
Export (**)	-	-	-	-	-
Import (**)	(6.298.179.856)	(336.225.702)	-	-	-
Cash and cash equivalents (*)	9.506.402.033	161.513.824	389.873.839	-	16.263.626
Trade receivables	11.662.019.595	306.754.125	357.183.992	3.475.883.608	489.293

(*) In addition, as of 31 December 2022, the Group has made forward transactions amounting to USD 17.000.000, Options amounting to USD 15.000.000 and Forward transactions amounting to USD 40.000.000 in order to hedge the foreign exchange risk of import transactions to be realized in 2023. These amounts are not shown in cash and cash equivalents in the currency risk statement.

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(b) Market Risk (Cont'd)

Foreign exchange risk (cont'd)

The Group is exposed to currency risk mainly in US Dollar, Euro, GBP and Japanese Yen. In order to eliminate the risks on the short-term foreign currency short-term balance sheet foreign currency position, the Group holds USD denominated deposits and cash equivalents corresponding to the open position in its balance sheet. In addition, the Group is protected from cash flow risk arising from foreign currency time deposits, funds and derivative transactions and purchases of certain inventory in the future.

The table below shows the Group's sensitivity to 10% increase and decrease in USD, Euro, GBP and Japanese Yen exchange rates. The 10% rate is the rate used when reporting the currency risk within the Group to the senior managers, and the said rate represents the possible change expected by the management in the foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the period and shows the effects of 10% change in foreign exchange rates at the end of the period. This analysis includes foreign-sourced loans as well as non-functional currency loans of borrowers and borrowers used for foreign operations within the Group. A positive value represents an increase in profit/loss and other equity items.

Foreign currency sensitivity analysis table

	31 December 2023			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
1 - USD net asset / liability	49.159.698	(49.159.698)	(443.393.838)	443.393.838
2- Hedged USD (-)	-	-	443.393.838	(443.393.838)
3- USD net effect (1 +2)	49.159.698	(49.159.698)	-	-
Change in Euro against TL by 10%				
4 - Euro net asset / liability	(306.597.321)	306.597.321	(162.677.156)	162.677.156
5 - Hedged Euro (-)	-	-	162.677.156	(162.677.156)
6- Euro net effect (4+5)	(306.597.321)	306.597.321	-	-
Change in other currencies against TL by 10%				
7- Other currencies net asset / liability	(9.022.022)	9.022.022	-	-
8- Hedged other currencies (-)	-	-	-	-
9- Other currencies net effect (7+8)	(9.022.022)	9.022.022	-	-
TOTAL (3+6+9)	(266.459.645)	266.459.645	-	-

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(b) Market Risk (Cont'd)

Foreign exchange risk (cont'd)

Foreign currency sensitivity analysis table

	31 December 2022			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
1 - USD net asset / liability	11.440.835	(11.440.835)	(629.817.986)	629.817.986
2- Hedged USD (-)	-	-	629.817.986	(629.817.986)
3- USD net effect (1 +2)	11.440.835	(11.440.835)	-	-
Change in Euro against TL by 10%				
4 - Euro net asset / liability	(222.434.450)	222.434.450	-	-
5 - Hedged Euro (-)	-	-	-	-
6- Euro net effect (4+5)	(222.434.450)	222.434.450	-	-
Change in other currencies against TL by 10%				
7- Other currencies net asset / liability	(3.548.808)	3.548.808	-	-
8- Hedged other currencies (-)	-	-	-	-
9- Other currencies net effect (7+8)	(3.548.808)	3.548.808	-	-
TOTAL (3+6+9)	(214.542.423)	214.542.423	-	-

Forward contracts

The detail information on foreign currency denominated borrowings and cross currency swap transactions is given in disclosures of derivative financial instruments (Note 6)

(c) Funding Risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Company are from financially strong various financial institutions.

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(d) Credit Risk

Credit risk consists of cash and cash equivalents, deposits with banks, derivative instruments, credit card receivables and customers exposed to credit risk. Holding financial instruments also carries the risk that the other party will not be able to fulfill the requirements of the agreement. Group management covers these risks by limiting the average risk for each contracting counterparty and by taking collateral if necessary.

The Group has calculated the remaining credit losses based on past year credit losses experience, current financial position analysis of its customers and their expectations for the future. The Group performed BKZ rate calculations separately for its customers. The Group makes separate assessments for export customers and other private customers and sets aside provisions when deemed necessary. Considering the receivables remaining after the current collaterals of the dealers, their payment habits, and the credit risk score status of independent credit rating firms, the method of allocation of doubtful receivables provision has been applied.

Deposits in banks, credit card receivables and derivative products are kept in banks and financial institutions with high creditworthiness.

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(d) Credit Risk (cont'd)

The credit risks that the Group is exposed to on the basis of financial instrument types as of 31 December 2022 are as follows:

31 December 2023	Receivables						
	Trade Receivables	Other Receivables			Bank	Other	
	Related Parties	Third Parties	Related Parties	Third Parties (*)	Deposits	Financial Investments	Derivative Financial Instruments
Maximum credit risk based on financial instruments as of reporting date(1)	359,684,414	3,459,253,762	549,681	55,307,482	13,123,148,127	1,332,023,910	1,287,524,157
- Collateralized or secured with guarantees part of maximum credit risk	-	2,126,877,857	-	-	-	-	-
A. Net book value of not due or not impaired financial assets(2)	240,986,149	3,278,490,016	549,681	55,307,482	13,123,148,127	1,332,023,910	1,287,524,157
B. Net book value of past due but not impaired financial assets(3)	118,698,265	180,763,746	-	-	-	-	-
- Collateralized or guaranteed part	-	64,031,269	-	-	-	-	-
C. Net book value of impaired financial assets	-	240,728,880	-	-	-	-	-
- Gross amount of overdue part	-	(238,966,380)	-	-	-	-	-
- Impairment (-)	-	1,762,500	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-	-
- Gross amount of not due part	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-	-
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-	-

(1) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.

(2) Collaterals consist of guarantee notes, guarantee checks and mortgages received from customers.

(3) There have been no collection problems with these customers in the past.

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(d) Credit Risk (cont'd)

The credit risks that the Group is exposed to on the basis of financial instrument types as of 31 December 2022 are as follows:

31 December 2022	Receivables						Derivative Financial Instruments	Other
	Trade Receivables		Other Receivables		Bank Deposits	Financial Investments		
	Related Parties	Third Parties	Related Parties	Third Parties(*)				
Maximum credit risk based on financial instruments as of reporting date(1)	340.597.142	3.616.210.129	252.541	35.336.086	6.001.843.809	2.045.833.748	3.537.513.208	
- Collateralized or secured with guarantees part of maximum credit risk	-	2.521.889.910	-	-	-	-	-	
A. Net book value of not due or not impaired financial assets(2)	263.290.660	3.321.417.089	252.541	35.336.086	6.001.843.809	2.045.833.748	3.537.513.208	
B. Net book value of past due but not impaired financial assets(3)	77.306.483	294.793.039	-	-	-	-	-	
- Collateralized or guaranteed part	-	153.077.125	-	-	-	-	-	
C. Net book value of impaired financial assets	-	-	-	-	-	-	-	
- Gross amount of overdue part	-	323.206.578	-	-	-	-	-	
- Impairment (-)	-	(320.302.454)	-	-	-	-	-	
- Collateralized or guaranteed part of net value	-	2.904.124	-	-	-	-	-	
- Gross amount of not due part	-	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	-	
- Collateralized or guaranteed part of net value	-	-	-	-	-	-	-	
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-	-	

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(d) Credit Risk (cont'd)

The Group considers that its receivables from related parties, including the overdue ones, do not have a collection risk considering that they are from Group companies and have been collected in the previous periods. The aging of the Group's receivables, which are overdue but not impaired, including the overdue periods, is as follows:

	31 December 2023	31 December 2022
Between 0-1 months	266.205.472	144.921.430
Between 1-3 months	19.533.439	35.964.470
Between 3-12 months	13.723.100	44.939.643
	299.462.011	225.825.543

As of 31 December 2023, collaterals amounting to TL 64.031.269 have been received for receivables from third parties (31 December 2022: TL 153.077.125).

The Company calculates ECL's based on previous year's credit losses experience, analysis of customers' current financial situation and future expectations. The Company performs the ECL rate calculations separately for customers. The Company makes evaluations separately for export customers and other private customers and provides a provision where necessary. The Company has applied the doubtful receivable provision methodology by taking into consideration the dealers' remaining receivables after deducting existing collaterals, the credit risk score of the creditors evaluated by independent credit rating firms and payment history.

The tables below provide information on credit risk for trade receivables as of 31 December 2023 and 31 December 2022, credit losses, and exposure to ECL.

31 December 2023	%	Gross Trade Receivables(*)	Doubtful Receivables Provision
Domestic – Dealers	8%	2.669.481.216	206.275.526
Export Receivables	10%	127.235.887	12.388.396
Receivables from Automotive Manufacturers	0,06%	766.417.761	495.597
Domestic – Customers	4%	508.036.923	19.806.861
Trade Receivables from Related Parties	-	359.684.414	-
	5%	4.430.856.201	238.966.380

31 December 2022	%	Gross Trade Receivables(*)	Doubtful Receivables Provision
Domestic – Dealers	10%	2.223.661.145	225.005.065
Export Receivables	16%	359.552.999	58.505.837
Receivables from Automotive Manufacturers	0,8%	747.282.085	5.969.255
Domestic – Customers	3%	920.179.859	30.822.297
Trade Receivables from Related Parties	-	340.597.142	-
	7%	4.591.273.230	320.302.454

(*) Gross trade receivables do not include unearned credit finance income amounting to TL 372.951.645 (31 December 2022: TL 314.163.505). (Note 7)

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28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

(e) Capital Risk Management

The Group's objectives when managing capital are to maintain the Group's ability to continue to operate in order to provide returns for shareholders, benefits for other shareholders, and maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using the net financial debt/equity + net financial debt ratio. Net financial debt is calculated by deducting cash and cash equivalents from the total financial debt amount.

Capital risk management	31 December 2023	31 December 2022
Net financial debt (Note 5)	(518.356.277)	(77.294.055)
Equity	13.446.157.370	11.616.664.122
Equity+ Net debt	12.927.801.093	11.539.370.067
Net financial debt / (Equity + Net Financial Debt) ratio	(0,04)	(0,01)

(f) Operational risk

Direct or indirect loss arising from a wide variety of reasons related to operational risk, the Group's processes, employees, technology and infrastructure, and external factors such as legal and regulatory requirements and generally accepted standards regarding legal entity, excluding credit risk, market risk and liquidity risk. is the risk. Operational risks arise from all activities of the Group. The purpose of the Group is to manage operational risk by avoiding financial losses and damage to the Group's reputation, while avoiding controls that restrict entrepreneurship and creativity.

Improving and enforcing controls in operational risk avoidance are primarily the responsibility of senior managers in each business. This responsibility is supported by the improvement of general standards for the management of operational risks in the following areas:

- Requirements for appropriate division of duties and responsibilities, including independent authorization of transactions
- Requirements for reconciliation and oversight of transactions • compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Periodic evaluation of encountered operational risks and adequacy of controls and procedures to avoid identified risks.
- Requirements for reporting operational losses and presenting related remediation activities
- Creation of emergency plans
- Training and work-related development of employees
- Ethical and business life standards
- Risk reduction remedies, including insurance where effective

Compliance with group standards is audited by the periodic audit program carried out by Internal Audit. The results of the Internal Audit's review are reported to the management of the relevant operational department and shared with the Audit Committee and senior management.

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Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

29. FINANCIAL INSTRUMENTS

Classes and fair values of financial instruments

31 December 2023	Financial assets shown at amortized cost	Financial liabilities shown at amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying value	Note
Financial assets						
Cash and cash equivalents	13.123.149.970	-	-	-	13.123.149.970	4
Financial investments	-	-	-	1.332.023.910	1.332.023.910	4
Trade receivables	3.459.253.762	-	-	-	3.459.253.762	7
Receivables from related parties	359.684.414	-	-	-	359.684.414	7-27
Other receivables (*)	56.064.847	-	-	-	56.064.847	
Derivative financial assets	-	-	1.287.524.157	-	1.287.524.157	6
	16.998.152.993	-	1.287.524.157	-	19.617.701.060	
Financial liabilities						
Financial liabilities	-	15.612.056.887	-	-	15.612.056.887	5
Trade payables	-	4.132.524.052	-	-	4.132.524.052	7
Payables to related parties	-	2.296.078.075	-	-	2.296.078.075	7-27
Other payables	-	117.562.000	-	-	117.562.000	
Derivative financial liabilities	-	-	122.817.512	-	122.817.512	
	-	22.158.221.014	122.817.512	-	22.281.038.526	

Classes and fair values of financial instruments

31 December 2022	Financial assets shown at amortized cost	Financial liabilities shown at amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying value	Note
Financial assets						
Cash and cash equivalents	6.001.849.193	-	-	-	6.001.849.193	4
Financial investments	-	-	-	2.045.833.748	2.045.833.748	4
Trade receivables	3.616.210.129	-	-	-	3.616.210.129	7
Receivables from related parties	340.597.142	-	-	-	340.597.142	7-27
Other receivables (*)	35.959.171	-	-	-	35.959.171	
Derivative financial assets	-	-	3.525.554.692	11.958.516	3.537.513.208	6
	9.994.615.635	-	3.525.554.692	2.057.792.264	15.577.962.591	
Financial liabilities						
Financial liabilities	-	11.253.728.811	-	-	11.253.728.811	5
Trade payables	-	4.763.413.843	-	-	4.763.413.843	7
Payables to related parties	-	2.446.696.244	-	-	2.446.696.244	7-27
Other payables	-	84.311.637	-	-	84.311.637	
Derivative financial liabilities	-	-	69.811.997	-	69.811.997	6
	-	18.548.150.535	69.811.997	-	18.617.962.532	

(*) Receivables from tax office are not included.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

29. FINANCIAL INSTRUMENTS (Cont'd)

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company 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 Company can realize in a current market exchange.

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

Monetary assets

Foreign currency denominated balances are translated into Turkish Lira at the forex buying exchange rates at the end of the period. It is foreseen that fair values are close to the carrying value.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate, fair value is close to their book value. (Note 4).

Fair value estimation:

The Company's financial instruments measured at fair value in the balance sheet reclassified as flows:

Level 1: Quoted prices in markets for assets and liabilities.

Level 2: Direct or indirect observable inputs for the assets or liabilities other than quoted prices in Market.

Level 3: Inputs for the assets and liabilities where observable market data cannot be determined.

Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts expressed in the purchasing power of Turkish Lira ("TL") at December 31, 2023 unless otherwise indicated).

29. FINANCIAL INSTRUMENTS (Cont'd)

Some financial assets and financial liabilities of the Group are reflected in the consolidated financial statements at their fair values at each balance sheet date.

The table below provides information on how the fair values of these financial assets and liabilities are determined.

Financial Assets/ Financial Liabilities	Fair Value				Fair value hierarchy	Valuation Technique	Significant unobservable input	Relation ship of unobservable inputs to fair value
	31 December 2023		31 December 2022					
	Assets	Liabilities	Assets	Liabilities				
Forward contracts	-	102.890.060	7.882.591	69.811.997	2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk.	-	-
Cross-currency swap	1.287.524.157	-	3.525.554.692	-	2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk.	-	-
Option	-	1.950.414	4.075.925	-	2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk.	-	-
Commodity swap	-	17.977.038	-	-	2	Discounted cash flow method	-	-
FX protected TL deposit	1.328.064.277	-	786.669.257	-	2	Discounted cash flow method	-	-

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Notes to the Audited Consolidated Financial Statements for the Year Ended 31 December 2023

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29. FINANCIAL INSTRUMENTS (Cont'd)

	Level 1	Level 2	Level 3
31 December 2023			
GUD difference reflected in other comprehensive income, (net)	-	1.287.524.157	-
GUD difference reflected in other profit/loss, (net)	-	1.332.023.910	-
31 December 2022			
GUD difference reflected in other comprehensive income, (net)	-	3.525.554.692	-
GUD difference reflected in other profit/loss, (net)	-	2.057.792.264	-

30. EVENTS AFTER THE REPORTING PERIOD

All shares of Arvento Mobile Systems Services Co. which is a subsidiary of Arvento Mobil Sistemler A.Ş., a subsidiary of the Group, were transferred on February 26, 2024 and the registration procedures were completed. Arvento Mobile Systems Services has no significant impact on the consolidated financial statements of the Group.

31. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

	1 January- 31 December 2023	1 January- 31 December 2022
Audit fee for the reporting period	1.860.000	1.405.514
Fee for other assurance services	-	396.279
Fees for services other than audit	-	20.704
Total	1.860.000	1.822.496

32. SUPPLEMENTARY CASH FLOW INFORMATION

As of December 31, the line "other adjustments related to reconciliation of profit (loss)" in the adjustments related to reconciliation of net profit for the period in the statement of cash flows consists of the net monetary loss/gain effects of the items included in the statement of cash flows. Other cash inflows/(outflows) in cash flows from financing activities includes monetary gain effect of TL 2.544.289.311 (December 31, 2022: TL 2.783.371.002).

ANNEX

Summary Income Statement (MTL)	Jan. 1-Dec. 31, 2022 Pre-IAS 29	Jan. 1-Dec. 31, 2023 Pre-IAS 29	2023-2022 Pre-IAS 29 Change (%)
Net Sales	14,081	21,175	50%
Gross Profit	4,275	6,997	64%
Gross Profit Margin (%)	30.36%	33.04%	3%
Operating Profit*	2,629	4,190	59%
Operating Profit Margin (%)	18.67%	19.79%	1%
Net Profit	1,991	2,792	40%
Net Profit Margin (%)	14.14%	13.18%	-1%
EBITDA**	2,918	4,587	57%
EBITDA Margin (%)	20.72%	21.66%	1%

Summary Balance Sheet (MTL)	Jan. 1-Dec. 31, 2022 Pre-IAS 29	Jan. 1-Dec. 31, 2023 Pre-IAS 29	2023-2022 Pre-IAS 29 Change (%)
Cash and Equivalents	3,643	13,123	260%
Total Assets	15,572	28,133	81%
Gross Debt	6,793	15,552	129%
Net Cash	47	518	1,005%
Total Equity	3,296	4,544	38%

Summary Cash Flow (MTL)	Jan. 1-Dec. 31, 2022 Pre-IAS 29	Jan. 1-Dec. 31, 2023 Pre-IAS 29	2023-2022 Pre-IAS 29 Change (%)
Operational Cash Flow	1,505	3,472	131%
Investment Expenditures (excluding KKM)	-1,131	-1,338	18%
Free Cash Flow (excluding KKM)	374	2,133	471%
KKM	-1,016	325	132%
Free Cash Flow (including KKM)	-642	2,459	483%
Dividend Payment	-663	-1,192	80%

*Calculated by subtracting operational expenses from gross profit

**EBITDA: Earnings before interest, tax, depreciation & amortization and interest, foreign exchange and derivative financial instruments gain/loss within other operating income and expenses

Disclaimer:

With the Capital Markets Board of Türkiye's Bulletin dated December 28, 2023 and numbered 2023/81, the Board announced that issuers and capital market institutions shall prepare their annual financial statements ending on December 31, 2023 or later, in accordance with IAS 29 inflation accounting provisions.

In order to ensure that our investors and market participants can assess and interpret our Company's 2023 year-end financial results more accurately, selected financial information in the investor presentations disclosed to the public via our Company's corporate website and the Public Disclosure Platform and in the annex of this Annual Report is also presented without adjusting for inflation accounting.

The aforementioned selected financial information that is not subject to inflation adjustment has been prepared for comparative purposes only and has not been independently audited. Therefore, this selected financial information is not included in the audited financial statements of our Company dated December 31, 2023. The aforementioned selected financial information has been prepared under the responsibility of our Company's Board of Directors and executives responsible for financial reporting in order to provide our investors and market participants a consistent and comparable assessment of our current financial performance in comparison with the financial reports previously disclosed to the public.

CONTACT

Head Office - Marketing & Sales Office

Küçük Çamlıca Mahallesi Şehit İsmail Moray Sokak Temsa Sitesi No: 2/1
34662 Altunizade/Üsküdar - İstanbul/Türkiye
Phone: +90 216 544 35 00
Fax: +90 216 544 35 35

Izmit Plant

Alikahya Fatih Mahallesi Sanayi Caddesi No: 98
41310 Izmit - Kocaeli/Türkiye
Phone: +90 262 316 40 00
Fax: +90 262 316 40 40

Aksaray Plant

Erenler OSB Mahallesi Recep Tayyip Erdoğan Bulvarı No: 21/1
Taşpınar Merkez-Aksaray/Türkiye
Phone: +90 382 288 70 00

Head Office - Arvento Mobil Sistemler A.Ş.

ODTÜ Teknokent Bilişim İnovasyon Merkezi Mustafa Kemal Mahallesi
Dumlupınar Bulvarı 280/G Kat: 5 No: 514
06530 Çankaya-Ankara/Türkiye
Phone: +90 312 265 05 95
Fax: +90 312 265 05 44

Website

www.brisa.com.tr
www.arvento.com/tr

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