

**BRİSA BRIDGESTONE SABANCI
LASTİK VE SANAYİ TİCARET A.Ş.**

ANNUAL REPORT

FOR THE PERIOD OF

1 JANUARY – 31 DECEMBER 2023





KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

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:

- a) 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.
- b) 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.
- c) 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 Ötekli, SMMM
Partner
18 March 2024
İstanbul, Türkiye

Brisa Bridgestone Sabancı Lastik ve Sanayi Ticaret A.Ş.

Board of Directors' Annual Report

For the Period of 1 January – 31 December 2023

CONTENTS

- 1. General Information**
- 2. Financial Rights Granted to Members of the Governing Body and Senior Managers**
- 3. R&D Activities**
- 4. Important Developments in the Reporting Period**
- 5. Financial Indicators**
- 6. Risks and Governing Body's Evaluation**
- 7. Other Considerations**
- 8. Corporate Governance and Sustainability Principles Compliance**

1. General Information

Trade Name	: Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.
Trade Registry Office	: İstanbul
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-İstanbul
İzmit Plant	: Alikahya Fatih Mah. Sanayi Cad. No: 98 İzmit-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 Bilişim İnovasyon Merkezi Mustafa Kemal Mah. Dumlupınar Blv. 280/G Kat: 5 No: 514 Çankaya-Ankara
Website	: www.brisa.com.tr

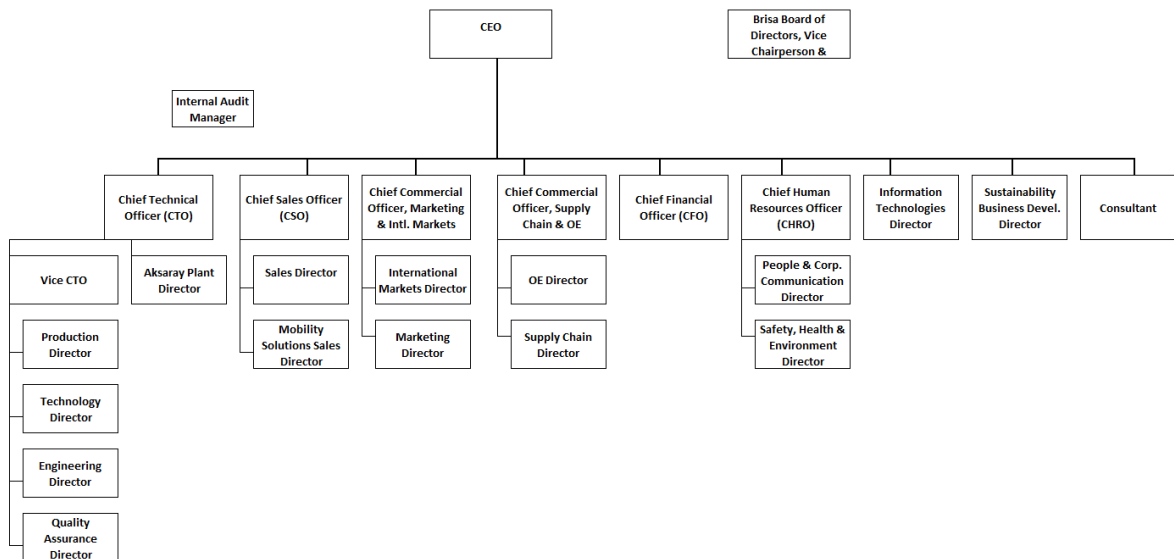
a) Area of Activity

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 tires, 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 tires 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) Organizational Structure



c) Capital and Partnership Structure

Brisa adopted the registered capital system according to the provisions of the Capital Market Law. The registered capital ceiling of the Company is TL 750,000,000 and the issued capital of the Company is TL 305,116,875. It has been divided into 30,511,687,500 units of registered shares (31 December 2022: 30,511,687,500 units), each having a nominal value of 1 kr.

Brisa's issued capital amount and distribution of this capital among shareholders as of 31 December 2023 and 2022 are as follows:

Shareholders:	Ratio (%)	31 Dec. 2023	Ratio (%)	31 Dec. 2022
Hacı Ömer 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
Capital	100.00	305,116,875	100.00	305,116,875

d) 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.

e) 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 1 January 2024.*

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

At the 2020 Ordinary General Assembly meeting held on 26 March 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 27 March 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 20 September 2022 in place of Emine Duygu Kirca and Tomio Fukuzumi with the Board of Directors' resolution on 20 December 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 ve Executive Coordinator):

- **Haluk Kürkçü** – CEO
- **Tomio Fukuzumi** – Executive Coordinator
- **Cenk 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

As of 31 December 2023, the number of personnel working with an indefinite term employment contract is 3,712 people (31 December 2022: 3,429). Of these employees, 2,786 are subject to the provisions of the Collective Labor Agreement (31 December 2022: 2,590) and 906 are outside the Collective Labor Agreement (31 December 2022: 820). The Company has 20 foreign employees (31 December 2022: 19). In addition, there are 6 employees working under fixed-term employment contracts (31 December 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 27 March 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 31 December 2023 and 2022 is as follows:

(TL)	31 December 2023	31 December 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. R&D Activities

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

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 is also taking strong steps in the field of digitalization. Within this framework, software has been developed that automates technical design processes with artificial intelligence. Thus, development processes have been perfected and accelerated. Besides developing innovative services for its customers to meet future mobility needs, the Company also develops image processing and end-to-end data analysis systems to ensure the highest performance in production processes.

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 tires.

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.

*Adjusted for inflation accounting.

4. Important Developments in the Reporting Period

a) Subsidiaries and Affiliates

Subsidiaries:

The Company's subsidiaries as of 31 December 2023 are as follows:

Trade Name	Scope of Activities	Paid-in/ 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
------------------------------	--	-----------	-------

Brisa's share in the Company capital has not changed in the 2023 accounting period (31 December 2022: 88.89%).

The Company's indirect subsidiaries as of 31 December 2023 are as follows:

Trade Name	Scope of Activities	Country
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

b) 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 31 December 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 27 March 2023 and was approved. The amendment was registered on 5 April 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.

c) Independent Audit

At the 2022 Ordinary General Assembly Meeting dated 27 March 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 5 April 2023 and published in the Turkish Trade Registry Gazette on the same date and numbered 10805.

d) Investment Spending

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, İzmit 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.

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

e) 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 30 March 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 27 December 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 Factory Heating Control System Project, which provides equal heat distribution in all parts of the production area at İzmit 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 US 34 million has been planned at the Aksaray plant, which was established with new generation technologies with an investment of US 300 million in 2018. In 2026, the target is to reach an annual production capacity of 4.6 million tires. 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, 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 Aksaray plant, and modernization and improvement investments to increase the production of fuel-saving and low-carbon emission products at İzmit 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 tire 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.

f) Issued Shares and Bonds

Based on the authorization given in Article 9 of the Articles of Association, on 5 October 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 12 January 2023 and numbered 2/28.

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

ISIN Code	Issue Amount (TL)	Issue Date	Maturity	Maturity (Day)	Coupon #	# of Paid Coupon
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					

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 21 December 2023 and numbered 80/1733 with an issue ceiling of TL 5 billion.

g) Internal Audit Activities

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 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 the robust condition of internal auditing mechanism, an Internal Auditing 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 company officials are followed up and the adequacy of those decisions is questioned in the light of risk levels, with results reported to the Committee Responsible for Auditing.

h) Information on Own Shares Repurchased by the Company

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

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) Information on General Assembly Resolutions

Brisa 2022 Ordinary General Assembly Meeting was held on 27 March 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 5 April 2023 and became legally valid.

o) Information on the Extraordinary General Assembly

No Extraordinary General Assembly meeting was held throughout the year.

p) Information on Donations Made During the Year

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

r) 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 18 March 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 18 March 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."

5. Financial Indicators

a) Financial Indicators

Brisa's consolidated financial indicators are as follows:

Tire Sales Volume	1 January-31 December 2022	1 January-31 December 2023	2023-2022 Change, %
Domestic	130,516	134,317	3%
Export	74,066	71,787	-3%
Total	204,583	206,104	1%
Replacement	103,819	103,633	0%
Original Equipment	26,697	30,684	15%
<u>Total Domestic</u>	<u>130,516</u>	<u>134,317</u>	3%
Lassa Export	48,241	50,753	5%
Bridgestone Export	25,825	21,034	-19%
<u>Total Export</u>	<u>74,066</u>	<u>71,787</u>	-3%
Total	204,583	206,104	1%

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

**Adjusted for inflation accounting.*

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

**In FOB USD.*

Summary Income Statement (MTL)	1 January-31 December 2022	1 January-31 December 2023	2023-2022 Change, %
Net Sales	26,863	26,498	-1%
Gross Profit	5,954	6,499	9%
Operating Profit**	2,702	2,839	5%
Net Profit	2,509	3,973	58%
Net Profit (Before one-offs)	2,384	4,307	81%
EBITDA***	4,091	4,312	5%

**Adjusted for inflation accounting.*

***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.*

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

**Adjusted for inflation accounting.*

Summary Cash Flow (MTL)	1 January-31 December 2022	1 January-31 December 2023	2023-2022 Change, %
Operational Cash Flow	2,481	3,472	40%
Invest. Spending (w/o KKM)	-1,866	-1,338	-28%
Free Cash Flow (w/o KKM)	615	2,133	247%
KKM	-1,512	1,269	184%
Free Cash Flow (w/KKM)	-897	3,402	479%
Dividend Paid	-1,461	-1,745	19%

**Adjusted for inflation accounting.*

Liquidity Ratios*	1 January-31 December 2022	1 January-31 December 2023
--------------------------	-----------------------------------	-----------------------------------

Current Ratio	1.00	1.27
---------------	------	------

Acid Test Ratio	0.76	1.08
-----------------	------	------

Financial Growth Ratios*	1 January-31 December 2022	1 January-31 December 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
---------------------	------	------

Operational & Profitability Ratios*	1 January-31 December 2022	1 January-31 December 2023
--	-----------------------------------	-----------------------------------

Gross Profit Margin	22.16%	24.53%
---------------------	--------	--------

EBITDA Margin	15.23%	16.27%
---------------	--------	--------

Net Profit Margin	9.34%	14.99%
-------------------	-------	--------

Net Profit (Before one-offs) Margin	8.87%	16.25%
-------------------------------------	-------	--------

**Adjusted for inflation accounting.*

5. Financial Indicators

b) Evaluation of Activities in the Reporting Period

Production volume and capacity utilization ratio during the period of 1 January – 31 December 2023 registered as follows:

	1 January-31 December 2022	1 January-31 December 2023	2023-2022 Change, %
Production Volume (Unit)	13,762,332	13,600,178	0%
Production Volume (Tonnage)	201,448	201,160	-1%
İzmit Capacity Utilization Ratio	96.0%	93.0%	-3%
Aksaray Capacity Utilization Ratio	100.0%	98.0%	-2%

*Annual production capacity of İzmit and Aksaray plants stands at 11 million and 2.5 million units respectively.

Brisa manufactures special tires 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 tires, the Company also imports Firestone brand agricultural equipment tires and Kinesis brand solid tires 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 tire 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 tires 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 maintenance 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 İstanbul, 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.

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% (31 December 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. The high growth in sales revenue and 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 (31 December 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% (31 December 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.

c) 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 27 March 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 29 March 2023 and to distribute a gross dividend of TL 1,098,420,750 to the shareholders representing the Company's capital at the gross 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.

6. Risks and Governing Body's Evaluation

Early Identification of Risk Committee has been established upon the resolution of Brisa Board of Directors dated 2 August 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 Committee's responsibilities 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.

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

Name-Surname	Title	Nature of Board Membership
Ahmet Erdem*	Early Identification of Risk Committee Chairperson	Independent Board Member
Tomio Fukuzumi	Early Identification of Risk Committee Member	Vice Chairperson - Executive
Sakine Şebnem Önder	Early Identification of Risk Committee Member	Board Member – Non-Executive

*With the Board of Directors' resolution dated 1 April 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.

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

The Committee is composed of a minimum of two Members appointed by the Board of Directors. Other people 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 selection 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 during the period of 1 January – 31 December 2023.

7. 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 26 February 2024 and the registration

procedures were completed. Arvento Mobile Systems Services has no significant impact on the consolidated financial statements of the Group.

8. 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 1 January – 31 December 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 3 January 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 founding partners, 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 secures 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.

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 31 July 2023 in accordance with the renewed format.

c) Other Committees Established 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 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.

New Members of Committees were selected with the Board of Directors' resolution dated 29 March 2021 and numbered 2021/12.

Other Committees established within the Board of Directors are as follows:

Audit Committee

The Audit Committee was established upon the resolution of the Board of Directors dated 21 March 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 and 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 31 December 2023, Members of the Audit Committee are as follows:

Name-Surname	Title	Nature of Board Membership
Mehmet Tanju Ula	Audit Committee Chairperson	Independent Board Member
Ahmet Erdem*	Audit Committee Member	Independent Board Member

*With the Board of Directors' resolution dated 1 April 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.

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 during the period of 1 January – 31 December 2023.

Corporate Governance Committee

Corporate Governance Committee was established in accordance with the Capital Markets Board's Corporate Governance Communiqué with an attempt to follow 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 30 April 2012 and numbered 600. Early Identification of Risk Committee was separated from the Corporate Governance Committee by the Board resolution dated 2 August 2013 and numbered 2013/13, which necessitated revisions to be made on the Internal Directive in question.

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

Name-Surname	Title	Nature of Board Membership
Ahmet Erdem*	Corporate Governance Committee Chairperson	Independent Board Member
Mehmet Tanju Ula	Corporate Governance Committee Member	Independent Board Member
Haluk Dinçer	Corporate Governance Committee Member	Board Member – Non-Executive
Tomio Fukuzumi	Corporate Governance Committee Member	Vice Chairperson - Executive
Neslihan Döngel Özlem	Corporate Governance Committee Member	Chief Financial Officer
Elif Küçükçobanoğlu**	Corporate Governance Committee Member	Investor Relations Manager

*With the Board of Directors' resolution dated 1 April 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 22 December 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 appointed by the Board of Directors from among Independent Board Members in accordance with Corporate Governance Principles of the Capital Markets Board) 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 convened 4 times during the period of 1 January – 31 December 2023.

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

18 March 2024

Brisa Bridgestone Sabancı Lastik ve Sanayi Ticaret A.Ş.