

FORD OTOMOTİV SANAYİ A.Ş.

ATTACHMENT OF BOARD OF DIRECTORS' RESOLUTION 2024/07

FORD OTOMOTİV SANAYİ A.Ş.
REPORT ON ASSOCIATED PARTY TRANSACTIONS WHICH
WERE PERFORMED IN 2023 AND PROJECTED
TO BE PERFORMED IN 2024

General Information

This report is created as per Article 10 of Communiqué Vol: II. 17.1 (Communiqué). Article 10 of Communiqué Vol: II. 17.1 requires that, the Board of Directors of the Company should create a report which includes the total amount of continuous transactions between the company quoted on Borsa Istanbul and the affiliated parties, in which

- a) the rate of purchases to cost of sales based on the final annual financial statements in purchasing transactions,
- b) the rate of sales to revenues based on the final annual financial statements in sales transactions

exceeds 10% and this report including the market comparisons for such transactions should be announced via KAP.

The purpose of this report is to disclose the terms of projected transactions in 2024 between Ford Otomotiv Sanayi A.Ş. (Company) and the associated parties as defined by Turkish Accounting Standards Article 24 (TAS 24) within the scope of CMB regulations to the extent that they are not commercial secrets and show that any such transaction does not have a negative effect on the Company as compared to the market conditions.

Detailed information is provided on transactions between Ford Otomotiv Sanayi A.Ş. (Company) and the associated parties in 2023 in footnote 27 of publicly-disclosed financial tables for 2023 activities and this report only evaluates vehicle, production part, spare part, licence and service purchases from and sales to Ford Motor Company which exceed 10% as compared to market conditions.

It is estimated that the transactions of same qualifications will exceed the 10% limit as specified by the Communiqué in 2024 and the transactions will be performed based on the principles explained in this report.

Information on Ford Otomotiv Sanayi A.Ş.

Ford Otomotiv Sanayi A.Ş. is incorporated and domiciled in Turkey and manufactures, assembles and sells motor vehicles, primarily commercial vehicles, imports and sells passenger cars and manufactures, imports and sells spare parts of those vehicles.

The Company was established in 1959 and currently operates as a joint venture within the scope of the agreement signed in 1997 between Ford Group and the Koç Group of Companies. Ford Otomotiv Sanayi A.Ş. is listed on the Borsa Istanbul ("BIST") where 17.89% of its shares are currently quoted.

The capital of the company is 350,910,000 TL and the table on the shareholding structure is as follows.

Shareholding Structure	Share Group	Amount of Share (TL)	Percentage of Share (%)	Vote	Percentage of Vote (%)
Koç Holding A.Ş.	B	135,631,305	38.65%	13,563,130,447	38.65%
Temel Ticaret ve Yatırım A.Ş.	B	2,355,885	0.67%	235,588,500	0.67%
Vehbi Koç Foundation	A	2,880,501	0.82%	288,050,137	0.82%
Koç Holding Pension and Assistance Foundation	A	3,259,202	0.93%	325,920,231	0.93%
Ford Deutschland Holding GmbH	C	143,997,037	41.04%	14,399,703,676	41.04%
Publicly Held	A	62,786,070	17.89%	6,278,607,009	17.89%
Total		350,910,000	100.00%	35,091,000,000	100.00%

Our company's financial summary data for 2022 and 2023 are listed below (Turkish Lira (thousand TL) stated as according to purchasing power of Turkish Lira at 31 December 2023).

	31.12.2022	31.12.2023
Total Assets	174,307,138	217,007,029
Equity	51,141,641	73,007,545

	01.01.2022-31.12.2022	01.01.2023-31.12.2023
Revenue	322,556,451	411,905,593
Cost of Sales	(285,957,542)	(356,657,683)
Net Income	27,729,927	49,055,669

According to the aforementioned data, the total amount is expected to exceed TL 35,665,768 (THOUSAND TL) (2023 CoS*10%) in 2023, with the total amount expected to exceed TL 41,190,559 (THOUSAND TL) (2023 Revenue*10%). A board of directors report should be prepared in accordance with the Communique for the sales transactions that are expected to be exceeded.

Information on Ford Motor Company

Established in 1903 by Henry Ford, Ford Motor Company is one of the undisputed leaders and best-selling brands of the global automotive sector based in Dearborn, Michigan. The company employs approximately 177,000 employees in 300 operations facilities including testing and prototype, and 41 manufacturing and assembly plants worldwide. Ford Deutschland Holding GmbH, a subsidiary of Ford Motor Company, holds 41.04 % of shares of Ford Otomotiv Sanayi A.Ş. as explained on shareholding structure table.

As of 2023 Ford Motor Company analyzes its business through the following five segments: Ford Blue, Ford Model e, and Ford Pro (combined, replacing the previous Automotive segment), Ford Next (previously the Mobility segment) and Ford Credit.

The company's automotive brands are Ford and Lincoln, and operating with about 9,5 thousand dealers all over the world. The company has sold about 4,4 million vehicles worldwide in 2023 and achieved a turnover of 176 billion USD. The Company generated a total of 3,9 billion USD pre-tax profit as a result of operations in 2023.

The company's shares are traded in the United States New York Stock Exchange.

Information on Terms of the Transactions with Associated Parties and Comparisons with Market Conditions

Our companies' purchases exceeding 10% from 01.01.2023 to 31.12.2023 is from Ford Motor Company and sales exceeding 10% is to Ford Motor Company. The table listing the sales/purchases is as follows:

Information on Transactions Exceeding 10%			
Associated Person (Name/Title)	Amount of Transaction (TL)	Type of Transaction	Pricing/Profit Distribution Method
Ford Motor Company	25,724,043,012	Purchase of Vehicles	Net Profit Margin based on Processing
Ford Motor Company	1,315,092,417	Spare Part Purchase	Net Profit Margin based on Processing
Ford Motor Company	93,895,546,614	Purchase of Manufacturing Materials	Net Profit Margin based on Processing
Ford Motor Company	4,431,985,957	Service Purchase	Cost Plus Method
Ford Motor Company	2,025,000,639	License	Comparable Price Method
Total Purchases	127,391,668,639		
Ford Motor Company	259,872,513,622	Vehicle Sales	Cost Plus Method
Ford Motor Company	4,260,468,125	Spare Part Sales	Cost Plus Method
Ford Motor Company	13,532,417,969	Sale of Manufacturing Materials	Cost Plus Method
Ford Motor Company	4,987,069,395	Service Sales	Cost Plus Method
Ford Motor Company	31,599,463	License	Comparable Price Method
Total Sales	282,684,068,574		

Transactions with Ford Motor Company

In 2023 our company purchased total amount of 127,391,668,639 TL and made a net sales of 282,684,068,574 TL to Ford Motor Company.

The Company's manufacturing cooperation with the associated party is based on the "2003 Turkish Distributor Agreement" dated 30 June 2003.

In 2023 our company has made the purchase of vehicles in the following units:

2023 VEHICLE IMPORTS

Model	Unit
Connect	610
Courier	177
Ecosport	8
Explorer	10
Fiesta	747
Focus	21,293
Kuga	7,689
Lincoln	2
Mustang	378
Puma	7,397
Ranger	1,784
Smax	1
Total	40,096

Our company's production material purchases from Ford Motor Company are based on "The V36x Contract Manufacturing and Supply Agreement" dated 14 August 2008, "The B460 Development, Manufacturing and Supply Agreement" dated 1 December 2011 and "The 1T Cargo Van Contract Manufacturing and Supply Agreement" dated 16 March 2021.

Ford Otosan Romania's production material purchases from Ford Motor Company are based on "The V769 Contract Manufacturing and Supply Agreement" dated 30 June 2022 and "The BX726 Contract Manufacturing and Supply Agreement" dated 30 June 2022.

Our company's purchase of spare parts from Ford Motor Company are based on "Agreement for the Supply of Service Parts" dated 14 July 2014.

Our Company is paying license fee to Ford Motor Company for the net sales of light and medium commercial vehicles (Transit Custom, Transit Courier and Transit Series) produced and distributed in Turkish market based on “Framework Technology and Manufacturing License Agreement” dated 16 March 2021, “The B460 Development, Manufacturing and Supply Agreement” dated 1 December 2011, “The 1T Cargo Van Contract Manufacturing and Supply Agreement” dated 16 March 2021 and “The V36x Contract Manufacturing and Supply Agreement” dated 14 August 2008.

Ford Otosan Romania is paying license fee to Ford Motor Company for the net sales of light commercial vehicles (Transit Courier) produced and exported to Turkish market based on “The V769 Contract Manufacturing and Supply Agreement” dated 30 June 2022 and passenger vehicles (Ford Puma) produced and exported to Turkish market based on “The BX726 Contract Manufacturing and Supply Agreement” dated 30 June 2022.

Purchase of IT services from Ford Motor Company is based on “IT Services Agreement” dated 17 July 2017. Engineering services are purchased according to related program agreements.

Our company’s vehicle sales to Ford Motor Company includes Transit, Transit Custom, Transit Courier.

In 2023, our company has sold 148,413 Transit vehicles to Ford Motor Company.

Our Company’s Transit model sales are based on “The V36x Contract Manufacturing and Supply Agreement” dated 14 August 2008. Parties signed “Extension to the V36X Contract Manufacturing and Supply Agreement” on 19 December 2023 as an amendment to the original contract.

In 2023 139,326 Transit Custom vehicles has been sold to Ford Motor Company.

Our Company’s Transit Custom sales are based on “The V36x Contract Manufacturing and Supply Agreement” dated 14 August 2008 and “The 1T Cargo Van Contract Manufacturing and Supply Agreement” dated 16 March 2021.

In 2023 17,031 Transit Courier vehicles has been sold to Ford Motor Company.

Our Company’s Transit Courier sales are based on “The B460 Development, Manufacturing and Supply Agreement” dated 1 December 2011.

Ford Otosan Romania’s vehicle sales to Ford Motor Company includes Transit Courier, Ford Puma and Ford Ecosport.

In 2023, 2,803 Transit Courier vehicles has been sold from Ford Otosan Romania to Ford Motor Company.

Ford Otosan Romania’s Transit Courier sales are based on “The V769 Contract Manufacturing and Supply Agreement” dated 30 June 2022.

In 2023, 176,792 Puma vehicles has been sold from Ford Otosan Romania to Ford Motor Company.

Ford Otosan Romania's Ford Puma sales are based on "The BX726 Contract Manufacturing and Supply Agreement" dated 30 June 2022.

In 2023, 99 Ecosport vehicles has been sold from Ford Otosan Romania to Ford Motor Company.

Ford Otosan Romania's Ford Ecosport sales are based on "The B515 Contract Manufacturing and Supply Agreement" dated 30 June 2022.

Our company is selling Transit vehicle manufacturing materials to Ford North America locations based on "V363N Program Component Supply Agreement" dated 10 December 2012. Also, our company sells kits and components to Ford Uruguay and suppliers in South America within the framework of the "V363 FSA Program Component Supply Agreement" dated 1 October 2020 with Ford Brazil and Ford Uruguay.

Our company's spare part sales to Ford Motor Company are based on the "Agreement for the Supply of Service Parts" dated 14 July 2014.

Our company's service sales to Ford Motor Company consists mainly of engineering services. Research and development operations which are also subject to service export is conducted with 2,298 employees as of 31 December 2023.

These sales are based on "Engineering Services Agreement" dated on 8 April 2013.

Based on "V348 Transit Vehicles Series Technology Licensing Contract" signed with Jiangling Motors Corporation Ltd. (JMC) and dated 2 July 2008, licence fee is paid to our company over the net sales revenue of Transit model vehicles produced and sold in China with the technology support provided by Ford Otomotiv Sanayi A.Ş.

Sales of Transit production parts to JMC is based on "Product Supply Agreement for Ford Otosan's Sales of V362C Components" and "Framework Agreement for the Supply of Components" dated 25 June 2015.

Our company sells components to the Republic of South Africa with the "FMCSA Program Component Supply Agreement" agreement signed with Ford Motor Company of Southern Africa (FMCSA) on 19 June 2018.

Our company sells components to the Republic of South Africa with the "FMCSA PHEV-E Program Component Supply Agreement " agreement signed with Ford Motor Company of Southern Africa (FMCSA) on 8 September 2023.

Result

It is estimated that the total amount of continuous transactions with Ford Motor Company in 2024 will be exceeding 10% of the total sales / cost of sales as listed in the publicly-disclosed annual financial tables for 2023 the limit set forth by Capital Markets Board Communiqué II-17.1 the Corporate Governance, this report explains the terms, pricing methods and reasons for choosing such methods for the transactions with Ford Motor Company and evaluates the compatibility of them as per the market conditions for 2024.