

**FORD OTOMOTİV SANAYİ A.Ş.**

**ATTACHMENT OF BOARD OF DIRECTORS' RESOLUTION 2022/5**

**FORD OTOMOTİV SANAYİ A.Ş.**  
**REPORT ON ASSOCIATED PARTY TRANSACTIONS WHICH**  
**WERE PERFORMED IN 2021 AND PROJECTED**  
**TO BE PERFORMED IN 2022**

**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 2021 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 2021 in footnote 26 of publicly-disclosed financial tables for 2021 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 2022 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 İstanbul ("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%
<b>Total</b>		<b>350,910,000</b>	<b>100.00%</b>	<b>35,091,000,000</b>	<b>100.00%</b>

Our company's financial summary data for 2019, 2020 and 2021 are listed below (thousands of TL).

	31.12.2019	31.12.2020	31.12.2021
Total Assets	16,406,372	24,349,179	42,792,853
Equity	4,664,921	7,043,902	10,148,538

	01.01.2019-31.12.2019	01.01.2020-31.12.2020	01.01.2021-31.12.2021
Revenue	39,209,019	49,451,407	71,101,258
Cost of Sales	(35,193,802)	(43,264,878)	(59,947,098)
Net Income	1,959,484	4,194,913	8,801,005

According to the aforementioned data, the total amount is expected to exceed TL 5,994,710 (THOUSAND TL) (2021 CoS\*10%) in 2022, with the total amount expected to exceed TL 7,110,126 (THOUSAND TL) (2021 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 manufactures and distributes automobiles across six continents and employs approximately 190,000 personnel in 66 centers 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.

Ford Motor Company's operations are mainly divided into two segments Automotive and Financial Services. Automotive operations are based on Ford America, Ford of Europe, Ford Asia – Pacific, Ford Middle East and Africa sub units. In addition the company provides vehicle financing insurance and leasing services through the Ford Motor Credit Company.

The company's automotive brands are Ford and Lincoln, and operating with about 10 thousand dealers all over the world. The company has sold about 4 million vehicles worldwide in 2021 and achieved a turnover of 136 billion USD. The Company generated a total of 17.8 billion USD pre-tax profit as a result of operations in 2021.

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 01.01.2021 to 31.12.2021 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 Party (Name/Title)	Amount of Transaction (TL)	Type of Transaction	Pricing/Profit Distribution Method
Ford Motor Company	1,520,915,305	Vehicle Purchase	Net Profit Margin based on Processing
Ford Motor Company	242,875,908	Spare Part Purchase	Net Profit Margin based on Processing
Ford Motor Company	23,083,256,207	Purchase of Manufacturing Materials	Net Profit Margin based on Processing
Ford Motor Company	344,243,652	Service Purchase	Cost Plus Method
Ford Motor Company	366,302,361	License	Comparable Price Method
<b>Total Purchases</b>	<b>25,557,593,433</b>		
Ford Motor Company	47,145,667,516	Vehicle Sales	Cost Plus Method
Ford Motor Company	357,126,387	Spare Part Sales	Cost Plus Method
Ford Motor Company	2,704,075,346	Sale of Manufacturing Materials	Cost Plus Method
Ford Motor Company	467,116,078	Service Sales	Cost Plus Method
Ford Motor Company	29,752,454	License	Comparable Price Method
<b>Total Sales</b>	<b>50,703,737,780</b>		

#### Transactions with Ford Motor Company

In 2021 our company purchased vehicles, spare parts, materials used directly for manufacturing and services at a total amount of 25,557,593,433 TL and made a net sales of 50,703,737,780 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 2021 our company has made the purchase of vehicles in the following units:

#### **20121 VEHICLE IMPORTS**

Model	Unit
connect	309
ecosport	1981
explorer	1
fiesta	441
focus	4472
galaxy	1
kuga	614
mondeo	3
mustang	1
puma	1217
ranger	1449
<b>TOTAL</b>	<b>10489</b>

Our company's production material purchases from Ford Motor Co. are based on "The V36x Contract Manufacturing and Supply Agreement" dated 14 August 2008 and "The B460 Development, Manufacturing and Supply Agreement" dated 1 December 2011.

Our company's purchase of spare parts from Ford Motor Co. 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 "1997 Technology And Manufacturing License Agreement" dated 1 January 1998 and "The B460 Development, Manufacturing and Supply Agreement" dated 1 December 2011.

Our company's vehicle sales to Ford Motor Company includes Transit, Transit Custom and Transit Courier models.

Our Company's Transit model sales are based on "The V36x Contract Manufacturing and Supply Agreement" dated 14 August 2008.

In 2021, our company has sold 107,330 Transit vehicles to Ford Motor Company.

Our Company's Transit Custom sales are based on "The V36x Contract Manufacturing and Supply Agreement" dated 14 August 2008.

In 2021 157,957 Transit Custom 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.

17,944 Transit Courier vehicles has been sold to Ford Motor Company in 2021.

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 October 1, 2020 with Ford Brazil and Ford Uruguay.

"Agreement for The Supply of Components" signed with Ford Sollers and dated 15 September 2015 regulates sales of Transit and Transit Custom production parts to Ford Sollers for the purpose of manufacturing Ford branded vehicles in Russia.

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 1,300 employees in Sancaktepe R&D center, with 255 employees in R&D center in Kocaeli

plant, with 118 employees in R&D center in İnönü plant and with 15 employees in ODTU Teknokent center, totally 1,688 employees as of 31 December 2021.

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

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.

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 (Transit camshafts) 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.

## **Result**

It is estimated that the total amount of continuous transactions with Ford Motor Company in 2021 will be exceeding 10% of the total sales / cost of sales as listed in the publicly-disclosed annual financial tables for 2022 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.