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FOR A SMART AND SUSTAINABLE LIFE: VESTEL 5.0

Vestel Elektronik Integrated Annual Report 2022

WE STAND WITH YOU

TÜRKİYE

We were profoundly saddened by the devastating earthquake that struck Kahramanmaraş and its neighboring provinces, and our anguish intensified as yet another earthquake hit Hatay. Once again, we would like to wish for Allah's mercy for the citizens who lost their lives in the earthquakes. Our heartfelt condolences go out to the families of our fellow citizens who lost their loved ones in the earthquakes, and we wish a speedy recovery to those who were injured. At Vestel, we firmly believe in the healing power of unity and solidarity, and since the first hours of the earthquake, we have remained in constant communication with the relevant institutions and organizations, dedicating ourselves to meeting the needs of the affected communities without any delay.

We hope that our wounds will be healed as soon as possible, and we wish our nation the strength to endure these trying times. Our hearts beat in unison for our country and its people, knowing that together, we can overcome any adversity.

Ahmet Nazif ZORLU

Chairman of the Board



VESTEL

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FOR A SMART AND SUSTAINABLE LIFE

Aligned with its vision of becoming a technology company that generates both social and environmental benefits, Vestel persists in its pursuit of a sustainable future through its technological advancements, research and development, and innovation superiority, all fortified by a human-oriented transformation strategy. Combining its sustainability approach with its IoT strategy, Vestel promises consumers an easier and greener life with its smart televisions as well as its environmentally friendly, innovative and smart major household appliances that provide better energy and water efficiency and aim to reduce plastic pollution. In line with its vision of smart mobility, it continues to grow in the areas of automotive electronics applications, electric vehicle charging and battery solutions.

POSSIBLE WITH VESTEL

WHY NOT?

With dedication to bringing our technologies into every home, ensuring accessibility for all, and enhancing the comfort and quality of everyday life, we work tirelessly, continuously seek the best and the latest, and reaffirm our commitment at every opportunity.



TOWARDS A NET ZERO COMPANY

Vestel assumes a significant role in combating the climate crisis by actively taking steps towards transitioning to a net-zero emission economy.

It is working on a decarbonization plan under the Science Based Targets initiative (SBTi) commitment to achieve net zero emissions by 2050.



SAVING RESOURCES AND CONTRIBUTING TO THE CIRCULAR ECONOMY

Leveraging the power of Industry 4.0 and automation, Vestel actively promotes energy consumption reduction through operational enhancements and innovative product development, while simultaneously prioritizing the efficient utilization of scarce natural resources in its production processes and implements circular models to minimize the environmental impact of its products.

VESTEL IN A NUTSHELL

Vestel Elektronik Sanayi ve Ticaret AŞ (“Vestel”, “Vestel Elektronik”, “Vestel Group of Companies” or “Company”) is a global group of companies, consisting of a total of 25 companies, 15 of which are overseas companies, operating in the areas of electronics, major household appliances, digital and mobile products. Vestel offers its wide product range, based on its competencies in technology/design development and product customization, to consumers in more than 160 countries. With over 20,000 employees, a production capability built on advanced technology and its contribution to the country’s exports, Vestel represents an important source of power for the Turkish economy.

As one of the world’s leading original design manufacturers (ODM) in consumer electronics and major household appliances, Vestel is one of the top three players in the European LCD TV market and one of the top five manufacturers in the major household appliances market. As one of the most well-known brands in Türkiye, Vestel is the largest manufacturer in the Turkish TV market and one of the top three in major household appliances.

One of Türkiye’s and the world’s leading technology companies, Vestel continues its efforts to complete the Industry 4.0 transformation and transition to fully automated smart factories. Vestel also plays a pioneering role in smart city and smart home platforms with its competencies in artificial intelligence (AI) software and the Internet of Things (IoT).

In the global market, Vestel also engages in branded sales through the regional brands it has acquired and the global brands it has licensed in addition to ODM-based sales. Vestel reinforces its market position via its partnerships with Sharp in major household appliances, Toshiba in television sets and Daewoo in both major household appliances and television sets, which are among the well-known brands for which the Company has obtained production and sales licenses for the European market.



PRODUCTION POWER



Vestel carries out its production activities at Vestel City, one of the largest single-location production facilities in Europe, built on an area of 1.3 million m².



SALES AND MARKETING POWER



Vestel Ticaret AŞ, which carries out the sales and marketing activities of the Company, reinforces its strong brand image in the domestic market.



EXPORT POWER



Vestel, the export champion of Türkiye’s electronics sector for 24 years, accounts for 90% of the country’s TV exports and one third of its major household appliances exports.

Vestel is a technology company guiding the market both in Türkiye and in global markets thanks to its production, R&D and innovation competencies.



Vestel has one of the most extensive sales and after-sales service networks in Türkiye, reaching a wide range of consumers with its “multi-brand and omni-channel strategy”. The Company accounts for 90% of Türkiye’s TV exports and one-third of major household appliances exports, and has been the export champion of the electronics sector for the past 24 years.

VESTEL CITY

A TOTAL AREA OF

1.3 million sqm

Established over an area of 1.3 million sqm in Manisa, Vestel City is one of Europe’s largest industrial manufacturing complexes in a single location.

With Vestel City, Vestel is the world’s first electronics and major household appliances company, and Türkiye’s first brand and industrial facility featured in “Megafactories” documentary series covering world-renowned brands on the National Geographic Channel, one of the world’s largest documentary channels.

SUMMARY FINANCIAL STATEMENTS AND OPERATIONAL INDICATORS

Summary Income Statement (USD million)

	2018	2019	2020	2021	2022
Net Sales	3,298	3,028	3,075	3,658	3,524
Export ratio	66%	75%	77%	73%	75%
Gross Profit	891	754	859	1,015	826
Gross Profit Margin	27.0%	24.9%	27.9%	27.7%	23.4%
Operating Profit*	384	301	407	513	302
Operating Profit Margin	11.6%	10.0%	13.2%	14.0%	8.6%
EBITDA*	479	412	514	617	373
EBITDA Margin	14.5%	13.6%	16.7%	16.9%	10.6%
Net Profit	83	62	272	242	67
Net Profit Margin	2.5%	2.0%	8.9%	6.6%	1.9%

*Excludes other revenues and expenses from operations.

Summary Balance Sheet (USD million)

	2018	2019	2020	2021	2022
Cash and Cash Equivalents	587	403	436	161	83
Accounts Receivables	681	568	737	514	587
Inventories	544	477	553	734	682
Current Assets	1,908	1,618	1,877	1,609	1,548
Fixed Assets	634	581	656	572	670
Total Assets	3,414	3,275	3,689	3,321	3,363
Current Liabilities	2,577	2,467	2,333	2,359	2,514
Non-Current Liabilities	206	172	344	167	143
Equity	631	636	1,012	795	706
Net Financial Debt*	931	930	769	773	1,061

*Blocked deposits are not included in the calculations.

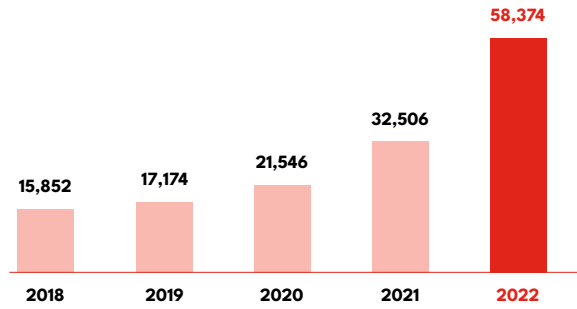
Summary Cash Flow Statement (USD million)

	2018	2019	2020	2021	2022
Operating Cash Flow	250	547	323	192	2
Net Cash Flows From Operating Activities	-657	-476	-310	-156	-427
Net Cash Flows From Investing Activities	447	-69	70	-178	378

The US Dollar ("USD") amounts in the Summary Balance Sheet are calculated from Turkish Lira ("TL") using the official USD/TL foreign exchange buying rate of the Central Bank of the Republic of Türkiye ("CBRT") as of the last day of the relevant year.

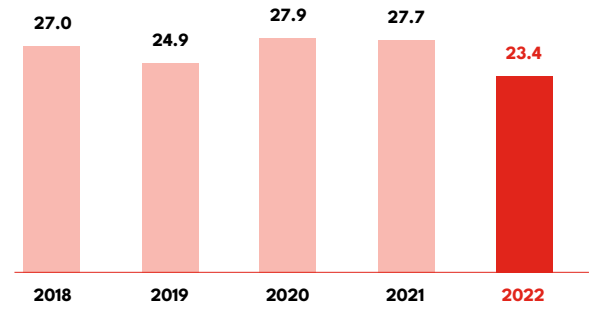
USD amounts in the Summary Income Statement and Cash Flow Statement are calculated over TL amounts using the average CBRT official USD/TL foreign exchange buying rate for the relevant year.

Net Sales (TL million)



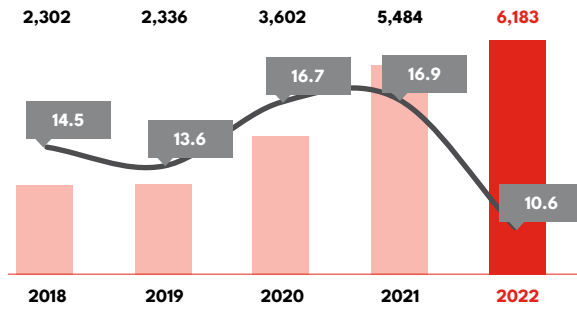
In 2022, domestic sales revenues increased by 124% and international sales revenues by 66%, while consolidated turnover grew by 80% to TL 58.4 billion.

Gross Profit Margin (%)



Gross profit margin declined to 23.4% due to the increases in raw material, labor, logistics and energy costs during the year.

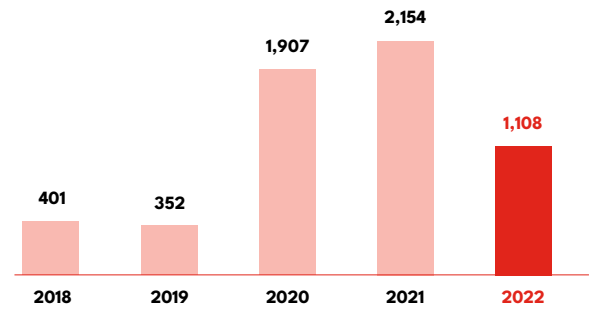
EBITDA* and EBITDA Margin (TL million), (%)



EBITDA increased by 13% to TL 6.2 billion, with an EBITDA margin of 10.6%.

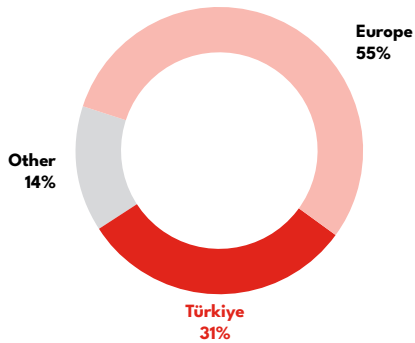
*Excludes other revenues and expenses from operations.

Net Profit (TL million)



Net profit materialized as TL 1.1 billion, with a net profit margin of 1.9%.

Geographical Distribution of Sales (%)



Distribution of Sales by Segments (%)



SHAREHOLDING STRUCTURE OF VESTEL ELEKTRONİK

Shareholders	Nominal Share Amount (TL)	Share in Capital (%)
Zorlu Holding AŞ	204,443,918	60.95
Other Shareholders (Free Float)	131,012,357	39.05
Total	335,456,275	100.00

Zorlu Holding AŞ's share in Vestel Elektronik's capital decreased from 63.70% to 60.95% as a result of the share sales to institutional investors through special orders on Borsa İstanbul on April 28, August 26 and December 28, 2022.

60.95%

Zorlu Holding AŞ

39.05%

Other Shareholders
(Free Float)

VESTEL
ELEKTRONİK

COMPETITIVE ADVANTAGES OF VESTEL ELEKTRONİK



Innovation

- Creating a new value for customers with its strong R&D structure, production capabilities and highly-competent human resources, responding to consumer needs in a short period of time and via technological solutions and rendering innovation fast and accessible to everyone.



Scaled-up Manufacturing Model, Manufacturing Flexibility and Product Customization

- Responding to the needs of different customers with various socio-cultural backgrounds in foreign markets on time, with the right product, the right price and the right sales channels,
- Ability to develop products in various models for different customers thanks to its flexible production capability.



Customer Commitment and Experience

- Offering a perfect ODM service from A to Z, from original design and production to point distribution,
- Refraining from competing directly with customers' brands in Europe,
- Fast production and delivery as well as ability to respond to small batch orders,
- Extensive sales and after-sales service network across Türkiye,
- After-sales customer experience that makes a difference.



Cost Advantages

- Benefiting from the economies of scale in procurements and especially in purchasing raw materials/components, which represents the most important cost factor, with its strong position as a large-scale manufacturer,
- Efficiency, effectiveness and cost advantages supported by manufacturing within a single complex at Vestel City, one of the largest production complexes in Europe built over a single site,
- Thanks to the proximity of its manufacturing plants to the European market, advantage in transportation cost and delivery times against Far Eastern competitors,
- The existence of a well-developed supplier base in Manisa especially for the household appliances and cost advantages in distribution and logistics, facilitated by Vestel City's proximity to İzmir port and the Company's suppliers,
- Having a significant share in the volume of import and export containers at İzmir ports,
- Reduction in logistics costs by optimizing the application of different and mixed logistics models,
- Lower unit labor cost compared to European manufacturers,
- Newer and more modern production facilities compared to manufacturers in Europe,
- Customs duty advantage in exporting to countries with which Türkiye has a Free Trade Agreement over the manufacturers of countries which do not have such an agreement.



A Pioneer in Digital Transformation

- Adopting technology and innovation as a corporate culture building upon its pioneering spirit since its establishment,
- Broad technological capabilities and vision,
- Industry 4.0 transformation,
- Digitalized business processes,
- Customer experience strengthened by digitalization,
- Leading Türkiye's digital transformation as well as its technological transformation,
- Being at the center of digital transformation via its solutions, innovative practices and products as a company exporting technology from Türkiye to the world.


FROM VESTEL TO THE ENTIRE WORLD...

OMNI-CHANNEL MARKETING STRATEGY

REACHING A WIDE VARIETY OF CONSUMERS UNDER AN OMNI-CHANNEL MARKETING STRATEGY



 Vestel City Manisa

 Export Markets

 **Sales-Distribution Network**

United Kingdom	Kazakhstan
France	Romania
Germany	Poland
Spain	United Arab Emirates
Netherlands	United States of America
Russia	

Vestel's overseas sales and marketing organization comprises the local organizations of foreign trade offices in a total of 11 countries as well as direct sales outlets in neighboring regions.



VESTEL IN TÜRKİYE

Under its omni-channel marketing strategy, Vestel reaches a wide range of consumers through its dealers as well as through household stores, hypermarkets, discount stores, technology super stores and e-commerce websites, boosting its effectiveness and market share.



SALES ORGANIZATION IN TÜRKİYE

- 1,334 Vestel Stores (including 132 Vestel Ekspres and 68 Vestel Corporate Stores)
- 10 VsOutlet Stores
- 722 Regal Sales Outlets
- vestel.com.tr
- vsoutlet.com.tr
- regal-tr.com



AFTER-SALES SERVICES

- Call Center**
- 355 Authorized Service Providers**
- 4 Central Services**
- 1 KEA (Small Domestic Appliances) Base**
- 4 Recovery and Repair Centers**



VESTEL'S GLOBAL OPERATION NETWORK

Vestel's overseas sales and marketing organization comprises the local organizations of foreign trade offices in a total of 11 countries as well as direct sales outlets in neighboring regions.

NUMBER OF EXPORT MARKETS

>160

FOREIGN TRADE OFFICES (Countries)

11

OVERSEAS STORES AND SALES OUTLETS

~2,500

DOMESTIC VESTEL STORES

1,334

MESSAGE FROM THE CHAIRMAN



With export markets exceeding 160 countries and our market diversification capability, we have successfully implemented our export-oriented business model.

Ahmet Nazif ZORLU

Chairman of the Board

Esteemed Stakeholders,

The year 2022 was a year in which the world, focused on the pandemic recovery process, had to cope with great social and economic challenges in the face of emerging geopolitical developments.

The war caused significant humanitarian devastation and disrupted economic development. As vulnerabilities have increased, some pandemic-induced economic problems have worsened rather than diminished. The energy crisis that emerged in the aftermath of the sanctions led to a deepening inflation cycle. The rapid interest rate hikes by central banks to fight inflation have raised concerns about recession in the global economy.

In 2022, the Turkish economy faced problems due to high inflation, but continued to grow thanks to the positive contribution of exports. In their reports, various international organizations state that the Turkish economy will continue to grow in the coming period, despite concerns of a recession in the world economy.

With its flexible and agile structure, digital transformation and technology-oriented business model, Vestel successfully passed this multi-dimensional resilience test in 2022.

As one of Türkiye's largest consumer electronics and major household appliances manufacturers and exporters, we accompanied Türkiye's growth journey in 2022 with our strong contribution to the country's exports. With export markets exceeding 160 countries and our market diversification capability, we have successfully implemented our export-oriented business model. While geopolitical developments and rising inflation had a negative impact on demand for TVs and major household appliances in Europe, our main export

We continue our digital transformation efforts at full speed to make Vestel City the first production facility in Türkiye to complete the Industry 4.0 transformation.

market, we still managed to increase our export volume in major household appliances and maintain our international sales volume in TVs, thanks to our strong product portfolio and competitive advantages as well as the strong growth we achieved in non-European markets. The contraction in the domestic market in the first half of the year was replaced by an upward trend in the second half due to low base effect and pulled-forward demand driven by the inflationary pressures. Our increasing strength in online and off-line retail, which captures consumer expectations with our digital competencies, further reinforced our position in the market. While our new practice of authorized online dealers contributed positively to our presence in online marketplaces, Vestel Ekspres stores, which we rapidly increased in number and which offer a combined physical and digital consumer experience, became one of the pioneers of the new trend in retailing in Türkiye. These efforts did not go unrewarded. Vestel Customer Services and Vestel Ticaret were selected as “Türkiye’s Best Workplace” by Kincentric, one of the world’s leading human resources and management consultancy companies.

On the other hand, according to the 2022 “Türkiye’s Most Valuable Brands” survey conducted by Brand Finance, an international brand valuation consultancy, Vestel rose seven places to rank fourth with a value of USD 720 million. This result shows that we are on the right track and encourages us to do better.

Towards a sustainable future with technology and human-oriented transformation

We continue to work for a sustainable future with our technology, R&D and innovation excellence and our human-oriented transformation strategy that supports it. Vestel’s operations and human resources continue to be transformed in parallel with technological developments. In this context, we utilize our R&D and innovation excellence to introduce innovative production processes that will reduce environmental impact. At the same time, we continue to develop products that use resources efficiently, provide high energy and water savings, and meet consumers’ health and hygiene expectations. As a technology company focusing on value-added services and digital solutions, we are expanding our product range that contributes to sustainability, from battery packs to in-vehicle display solutions for the automotive sector, as well as electric vehicle chargers, in addition to televisions and major household appliances, and increasing our contribution to the smart living ecosystem. As one of the founding partners of Togg, Türkiye’s automobile, we also provide all the in-car display solutions for the vehicles produced. We are also in talks with other automobile manufacturers around the world. On the other hand, we are taking strong steps towards growth with new technologies by focusing on electric vehicle chargers, battery solutions for two-wheeled vehicles, and energy storage systems for different areas of use, especially for the telecom sector.

While using the latest technologies such as artificial intelligence, the Internet of Things and autonomous systems in our factories, with our vision of continuous improvement and digitalization, we continue our digital transformation efforts at full speed to make Vestel City the first production facility in Türkiye to complete the Industry 4.0 transformation.

MESSAGE FROM THE CHAIRMAN

In line with our vision of being a technology company creating social and environmental benefits, we integrate digitalization into both our business processes and working culture, and the products and services we offer. In order to adapt to digital transformation, we are also carrying out a human-oriented transformation in parallel. We adopt working models that develop employees' skills and increase their ability to adapt to innovation and change. To this end, we reinforce a work environment that will ensure that employees' career development is carried out through a fair and inclusive process. We strive to adopt and introduce modern and agile methods in all of Vestel's operations through human-oriented working, systemic perspective and strategic management approaches.

Talent gap or shortage is one of the most challenging problems that companies may face in the 21st century. As an engineering and technology company, we recognize that investing in talent to drive technology and digitalization minimizes the risk of talent gap or shortage. With this understanding, we are working to spread human-oriented transformation not only to our own human resources, but also to the whole society, taking into account the needs of the society.

Smarter living for everyone

In line with our Smart Life 2030 sustainability strategy, we develop human-oriented ecosystems and innovative business models, and engage in value-creating partnerships to pioneer sustainability-oriented products, services and solutions in Türkiye and around the world.

Combining its sustainability approach with its IoT strategy, Vestel promises consumers an easier and greener life with its smart televisions as well as its environmentally friendly, innovative and smart major household appliances that provide high energy and water efficiency, and aim to reduce plastic pollution. Our vision of "Smarter life for everyone" is realized through Vestel Evin Akı application in Turkey and VeeZy application abroad. Thanks to the digital services we offer in these applications and our collaborations, we provide our users with a much more comprehensive smart life experience.

The adoption of circular economy models, repair, recycling and upcycling efforts across the entire value chain play a critical role in preventing the global waste problem.

Towards a net zero company

Vestel plays an important role in the efficient use of scarce natural resources and the fight against the climate crisis with the steps it has taken to transition to a net zero emission economy.

Leveraging the power of Industry 4.0 and automation, we support the reduction of energy consumption through operational improvements and innovative products, while implementing circular models to increase resource efficiency in production and reduce Vestel's product-related environmental impact.

We aim to achieve net zero emissions by 2050 and are working on our decarbonization plan as part of our commitment to set Science Based Targets (SBTi).

The adoption of circular economy models, repair, recycling and upcycling efforts across the entire value chain play a critical role in preventing the global waste problem. In addition to the use of recycled plastics and bio-based plastic materials in products and components, our Company continues to work towards the goal of reducing the use of plastics by improving all product and packaging designs in cooperation with R&D and production units.

As part of this approach, for the first time in Türkiye, we started using FSC (Forest Stewardship Council) certified, 100% recycled cardboard in the packaging of Vestel branded refrigerator and dishwashers in 2021. In 2022, we introduced this practice for all Vestel branded household appliances to be sold in Türkiye.

We maintain our hope and confidence in the future

The world is going through a period of rapid change and transformation. As uncertainties increase, predictability decreases. Although we may not be able to control these conditions, we believe that we can ensure the sustainability of our business by managing them properly. With this understanding, through our experience, competence and capacity to adapt to changing conditions, we will continue to improve our ability to overcome challenges in the coming period by using the opportunities offered by our agile and flexible organization.

Through our experience, competence and capacity to adapt to changing conditions, we will continue to improve our ability to overcome challenges in the coming period by using the opportunities offered by our agile and flexible organization.

The value we create with our sustainability-oriented business model empowers us both for our steady growth and our contribution to social and economic development in our country and around the world. We will continue to be a pioneer in building a better, smarter and sustainable life with the steps we take in cooperation with all our stakeholders.

Sincerely,

Ahmet Zorlu

Chairman of the Board

BOARD OF DIRECTORS



Ahmet Nazif Zorlu
Chairman

Ahmet Zorlu began his career in the family-owned textile business at an early age. Opening his first textile store in Trabzon, Ahmet Zorlu moved the company's headquarters to Istanbul in 1970 and laid the foundations of Zorlu Holding. Ahmet Zorlu set up his first production company, Korteks, in 1976 and gathered all of the companies under the roof of Zorlu Holding in 1990. Acquiring Vestel in 1994, Zorlu opened the door to new lines of business for Zorlu Holding. Ahmet Zorlu's entrepreneurialism, which began with the textile industry, went on to manifest itself in more companies operating in a wide range of industries such as major household appliances, consumer electronics, property development, energy, metallurgy, defense and e-mobility. Ahmet Zorlu is the Chairman of Zorlu Holding and serves as the Chairman or Vice Chairman of the Board in numerous Zorlu Group companies operating in different industries. With a keen interest in non-governmental organizations, Ahmet Zorlu sits on the Board of Directors of Foreign Economic Relations Board (DEİK) and is a member of Turkish Industry and Business Association (TUSIAD), Education and Culture Foundation of People of Denizli (DENSİR), Babadağ Industry and Business Association (BASİAD) and Turkish Home Textile Industrialists' Association (TETSIAD).



Bekir Ağırđır
Vice Chairman

After graduating from the Department of Business Administration at Middle East Technical University in 1956, Bekir Ağırđır served respectively, as Sales Manager and then Assistant General Manager at Bilsan Bilgisayar Malzemeleri AŞ (1980-1984), Sales Coordinator at Meteksam Ltd. (1984-1986), General Manager at Pirintaş Bilgisayar Malzemeleri ve Basım Sanayi AŞ (1986-1996), Deputy General Manager at Atılım Kâğıt ve Defter Sanayi AŞ (1996-1999) and as General Manager and Board Member at PMB Akıllı Kart ve Bilgi Teknolojileri AŞ (1999-2003). Between 2003-2005, he worked as a Coordinator and then as General Manager at Tarih Vakfı (History Foundation of Türkiye). Ağırđır, who has been serving as the General Manager and Board Member at KONDA Araştırma ve Danışmanlık Limited Şirketi since 2005, has resigned from his position as General Manager as of June 2022. In addition Vestel Elektronik Sanayi ve Ticaret AŞ, Ağırđır also serves as a Board Member of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ, two of Zorlu Group companies. Mr. Ağırđır is the board member of Türkiye Economic and Social Studies Foundation (TESEV) and Hrnt Dink Foundation, and founding member of Yanındayız Association, Democratic Republic Program and EYMİR Cultural Foundation, and member of METU Alumni Association and commentator of T24 Internet Newspaper and GAIN Internet Media.



Olgun Zorlu
Board Member

Olgun Zorlu began his professional career in 1988 after completing his higher education in textiles and business administration in the UK. He started to serve in managerial positions at various Zorlu Group companies in 1988 and led their foreign market research and business development operations. In 1998, Olgun Zorlu began serving as a Member of the Board of Directors of Zorlu Holding. Mr. Zorlu is the Chairman of Meta Nikel and a Board Member of various Zorlu Holding subsidiaries such as Vestel Elektronik, Zorlu Enerji and Vestel Beyaz Eşya. Olgun Zorlu assumed the position of Vice Chairman of the Board of Zorlu Holding in 2022. Mr. Zorlu is a member of the Turkish Industry and Business Association (TUSIAD) and the Turkish Home Textile Industrialists' Association (TETSIAD).



Selen Zorlu Melik
Board Member

Selen Zorlu Melik graduated from the Department of Business Administration of the Faculty of Economics and Administrative Sciences at Uludağ University. She began her professional career at Denizbank in 1998. Following her internship at the Bursa branch of Denizbank, she enrolled in Denizbank's Management Trainee Program in 1999. After working in a number of positions at the Denizbank head office, Selen Zorlu Melik attended a marketing certificate program at the University of California, Berkeley in 2001. In 2002, Selen Zorlu Melik joined Korteks İplik Fabrikası (Korteks Yarn Factory). In addition to her Board Membership at Vestel Elektronik, she also serves as a Board Member at Zorlu Holding and Zorlu Group companies.



Mehmet Emre Zorlu
Board Member

After graduating from Koç University Electrical and Electronics Engineering Department in 2007-2008, Emre Zorlu completed his master's program in Innovation and Technology Management at Essex University in the UK in 2009 and started working at Vestel Group of Companies in 2009. Mehmet Emre Zorlu has been a Board Member at Vestel Elektronik since 2009 and also serves as a Board Member at Zorlu Holding and Zorlu Group companies. Emre Zorlu has been a member of the Board of Directors at Vestel Ventures Ar-Ge AŞ, which aims to support and fund entrepreneurship in many areas such as technology, innovation and IP investments since 2015. Mr. Zorlu is a member of the Board of Trustees of the Entrepreneurship Foundation, the Board of Directors of Endeavor Türkiye and the Social Innovation Exchange (SIX) Global Council.



Elmas Melih Araz
Board Member

A graduate of Robert College, Melih Araz received his bachelor's degree from Ankara University, Faculty of Political Sciences, in 1972. He completed his MBA at Kelley School of Business, Indiana University in 1975, where he was a USAID/TEV scholar. He also attended an "Executive Management Program" at Harvard Business School in 1988. Starting his career in finance and banking at Citibank N.A.'s office in Türkiye in 1977, Mr. Araz served in executive positions at the bank's İstanbul, Bahrain, Athens and New York offices and assumed key responsibilities in the establishment and expansion of Citibank's operations in Türkiye. Melih Araz later served as the CEO/General Manager at Interbank AŞ, a Çukurova Holding affiliate, for eight years where he played a leading role in elevating Interbank to a respected and pioneering position in corporate and investment banking in Türkiye. After leaving Interbank, Mr. Araz worked as a consultant in various major projects and served as a Board Member at a number of companies including Zorlu Enerji Elektrik Üretim AŞ (2008-2013 and 2018-2020) and Enka İnşaat ve Sanayi AŞ (2012-2018). Mr. Araz still assumes important duties at Ata Group. In addition to Vestel Elektronik Sanayi ve Ticaret AŞ, Melih Araz is also a Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ. Mr. Araz also sits on the Boards of Ata Yatırım Menkul Kıymetler AŞ, Ata Gayrimenkul Yatırım Ortaklığı AŞ, TFI Gıda Yatırımları AŞ, Burger King China JV Ltd., İzmir Enternasyonal Otelcilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ.



Ayşegül İldeniz
Board Member

Ayşegül İldeniz holds a bachelor's degree in Business Administration from Boğaziçi University and a master's degree in Digital Communications from the San Francisco State University. She went on to assume senior management positions in the Intel Corporation, the global giant of microprocessors, where she served as the General Manager for Intel Türkiye, as the Regional Director for the Türkiye, Middle East and Africa region covering 67 countries and as a Board Member for Intel's Europe-based operations. She was later appointed to the position of Global Vice President of the New Devices Group at the Intel Headquarters in Silicon Valley. In 2016, Ms. İldeniz became the COO (Chief Operating Officer) of the Silver Spring Networks, a company listed on the New York Stock Exchange, which controls half of the US smart energy market with 26 million users and implemented Smart Cities programs in a number of cities including Chicago, Singapore, Paris, Copenhagen and Dubai. Ayşegül İldeniz is a pioneer in the fields of innovation, technology and future vision, both in the Silicon Valley and in İstanbul. In 2015, she was named as one of the "100 Most Creative People in Business" by the Fast Company, one of the most prestigious publications in the United States, and as the "Third Most Influential Turkish-American Woman" by the Turks of America (TOA), while in Türkiye she was selected as the "IT Woman of the Year" in 2004 and "Woman Executive of the Year" in 2006 by the Dünya Newspaper. Ayşegül İldeniz is currently the President of the TUSIAD Silicon Valley Network and a Board Member of the American Turkish Society and the New York-based Turkish Philanthropy Funds. In addition to Vestel Elektronik Sanayi ve Ticaret AŞ, Ayşegül İldeniz also serves as a Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ, Doğan Şirketler Grubu Holding AŞ and Pegasus Hava Taşımacılığı AŞ.

MESSAGE FROM THE CEO



In 2022, our domestic and international sales revenues increased by 124% and 66%, respectively, while our total consolidated turnover grew by 80% to TL 58.4 billion.

Enis Turan ERDOĞAN

Chief Executive Officer

Esteemed Stakeholders,

The chaos prevailing in the global economy in recent years took on a new dimension with the outbreak of the Russia-Ukraine war last year. In 2021, recovering economies faced high inflation fueled by supply chain issues, raw material and supply shortages. Due to the war between Russia and Ukraine, the US and the European countries imposed an embargo on Russia, the world's largest supplier of energy and commodities, creating a major energy crisis. Record-high energy and commodity prices pushed inflationary pressures to the peak. The actions of central banks, which started to employ a tight monetary policy and interest rate hikes to fight inflation, also increased recession concerns. The recessionary trend in European countries, which were particularly affected by the energy crisis, also had a toll on the sales of televisions and major household appliances. In Türkiye, despite rising inflation, demand was brought forward with the expectation that price increases would continue, and as a result, major household appliances sales remained at similar levels to 2021, while TV sales increased by 7%.

With its strategy of increasing market diversification and strong growth in non-European markets, Vestel increased both its international sales volume and its share in Türkiye's total major household appliances exports in 2022. In particular, transportation costs from the Far East to Europe remained high for most of the year, and the ongoing COVID restrictions in China had a negative impact on supply, which accelerated the search for alternative suppliers in Europe and the US and led to new customer acquisitions for Vestel. In the television sector, Vestel managed to maintain its international sales volume in a year when the European market contracted.

In the domestic market, our wholesale TV sales and major household appliances sales were in line with the developments in the market.

In 2022, we increased our turnover with our success in different markets such as Central Asia-Turkic Republics, Africa, North and South America and emerging Asia. In this context, we opened our new sales office in the USA and new offices in India and Vietnam.

In the domestic market, our wholesale TV sales and major household appliances sales were in line with the developments in the market. The success of our online sales organization, which we have built into a competitive structure, was reflected in our sales. During the year, we rapidly increased the number of Vestel Ekspres stores, one of the best examples of new generation retailing, to 132. We integrated the strength of our nationwide stores with our online sales channel. With this move, we reached consumers on all platforms that meet our criteria with the Authorized Online Dealer project which we have launched to offer superior service and customer experience. On the other hand, we enhanced our customer experience by providing 24-hour delivery service to our customers through vestel.com.tr and our corporate stores in marketplaces.

In 2022, our domestic and international sales revenues increased by 124% and 66%, respectively, while our total consolidated turnover grew by 80% to TL 58.4 billion. We achieved an EBITDA of TL 6.2 billion and a net profit of TL 1.1 billion, despite significant increases in labor, logistics and energy costs as well as rising raw material costs, especially in major household appliances.

On the production side, while chip and shipping container issues continued, especially in the first half of the year, we were minimally affected by supply issues with our diversified supply chain structure. On the other hand, we overcame the chip problem with alternative components developed as a result of our innovative R&D efforts and our inventory management and optimization policy.

A smarter and better life is possible!

We are one of the strongest players in the market with our smart home systems developed with our competencies in artificial intelligence software and IoT.

We offer consumers a much more comprehensive smart life experience thanks to the digital services and collaborations we offer with our Vestel Evin Akıllı application in Türkiye and VeeZy application in the world.

While the focus of consumer expectations on smart and internet-connected technologies creates an opportunity for smart cities, smart homes, smart devices and new revenue models based on these technologies, as a rising technology company, we have joined the Home Connectivity Alliance (HCA) and Connectivity Standards Alliance (CSA), whose founders include technology giants, in order to be one of the players that both follow these opportunities and set the standards of the IoT ecosystem. In this way, we aim to carry forward the collaborations we have started with technology companies such as Amazon, Google and Innit.

We continue to expand our sphere of influence in the Internet of Things (IoT) with our products, digital services, collaborations and participation in organizations and we implement scenarios in the IFTTT ecosystem in cooperation with other companies. Under the umbrella of HCA, we take actions to ensure that Vestel products interoperate with other leading brands in the durable household appliances sector, to offer energy saving solutions, and to ensure the proper use of technology in addition to developing it. We help reduce energy and water consumption at homes with our IoT solutions and aim to improve the quality of life of users with our smart devices.

In order for consumers to feel the technology at every point of their lives, we have started to connect the steps that carry the process which began with smart products to smart cities. While we have accelerated our work on data security and analysis with our activities to create a big data platform, we have developed an ecosystem that can serve all connected products and interoperates with current technologies and voice assistants.

MESSAGE FROM THE CEO

We are expanding our upper segment TV product range with Vestel QLED and large screen TVs.

We are protecting our planet with R&D and innovation

We aim to be a technology company that creates social and environmental benefits with accessible and smart products that make life easier.

In addition to sustainable and ecosystem-friendly production methods, we work to reduce the pressure on natural resources with the technologies we develop. We voluntarily combat the climate crisis by carrying out R&D, entrepreneurship and innovation activities that contribute to areas such as the protection of water resources, carbon reduction, energy efficiency, waste reduction and the development of environmentally friendly products.

In addition to our products that meet the expectations of the European market in terms of energy, water and material efficiency, Vestel has already started to develop products that meet higher technical standards and comply with the new legislation that will enter into force in the near future. We are accelerating our steps to bring our state of the art green products to the market at affordable prices for the end user.

In line with the European Union's 2030 targets, Vestel has completed product design and production transitions in compliance with the new energy class regulation introduced for the post-2021 period in the laundry and cooling product groups in major household appliances, and has made washing machines in energy class A and dishwashers in energy class B, the highest energy efficiency class, ready for mass production, while continuing to develop products in energy class A in the refrigerator product group.

We raised our voice even higher in the global competitive arena with the new technologies we introduced at nearly 10 international fairs we attended in 2022, including IFA. We have become the center of attention especially with our products that leverage technologies which meet the health and hygiene expectations of consumers.

In addition to sustainable and ecosystem-friendly production methods, we work to reduce the pressure on natural resources with the technologies we develop.

We are expanding the upper segment TV product range

We are expanding our upper segment TV product range with Vestel QLED and large screen TVs. In 2022, we launched Philie TV, Türkiye's first and only battery-powered/rechargeable TV, while becoming one of the few companies offering OLED, QLED and MiniLED technologies at the same time. As part of Reference+, we became the first original design manufacturer (ODM) in Europe to launch Google TV.

We are the leading manufacturer in the TV market in Türkiye and one of the top 3 players in Europe. To maintain and reinforce this position, we are not only producing the latest technologies, but also focusing on content. In 2022, we took important steps to develop our Smart TV platform. We collaborated with Xperi Holding, one of the largest TV platforms in the US. TiVo, the new generation content platform, will be integrated into the smart TVs sold by Vestel in Europe and will contribute to Vestel's TV sales power in Europe by meeting consumer expectations with content and live interaction.

Our electric vehicle chargers are compatible with power grid load management systems and include OCPP-based remote management and other smart management technologies.

E-mobility is one of our main growth areas

In line with our smart mobility vision, we identify automotive electronics applications and electric vehicle charging and battery solutions, in which we lead the sector, as our new growth areas, and we consider sustainability as the main criterion in the areas we invest in.

We develop our product portfolio according to the industry and market trends in electric vehicle chargers, and complete the necessary improvements in our home and commercial type chargers to comply with the regulations in the countries where we operate.

Our electric vehicle chargers are compatible with power grid load management systems and include OCPP-based remote management and other smart management technologies. As part of our sustainability mission, our AC type chargers are integrated with PV (Solar Panel) systems, enabling electric vehicles to be charged with 100% renewable energy without carbon emissions.

Thanks to the collaborations we have established with the most important players of the sector in Europe, we undertake an active role in the widespread adoption of electric vehicle charging stations in Europe. With our electric vehicle charging solutions, we enable our business partners to support the circular economy while significantly reducing carbon emissions through the use of renewable energy.

As a company that has been investing in e-mobility for many years, we take the technology in this field one step further with our battery solutions tailored to customer needs.

As a company that has been investing in e-mobility for many years, we take the technology in this field one step further with our battery solutions tailored to customer needs. In parallel with the increase in sales of electric bicycles, a sustainable transportation alternative, we are developing customer-specific battery solutions. Our e-bike batteries are EN62133 and EN50604-1 certified. We also produce batteries for vacuum cleaners, portable televisions and the healthcare sector. In the field of energy storage systems, we are planning to start mass production of lithium-ion batteries that will be used as backup energy storage in base stations in the telecom sector in the near future.

We implemented our in-car display solutions for the first time at Togg. We successfully passed the tests on Togg's display and infotainment screens and obtained the necessary certificates. In the field of in-car infotainment displays, we are also in talks with major automobile manufacturers in Europe.

All Vestel's in-car display solutions, all mechanical and electronic components, the necessary software solutions and the interfaces used in the displays are designed by Vestel engineers. Users can control electronic and major household appliances at their homes through Veezy on in-car screens.

MESSAGE FROM THE CEO

We have an obligation to leave a better world for future generations. At Vestel, sustainability is at the center of all our activities.

We will continue to take responsibility for building a sustainable future

We have an obligation to leave a better world for future generations. At Vestel, sustainability is at the center of all our activities. To this end, we regularly reduce the use of resources in our production processes. Our products are tested and approved by reputable international testing organizations and are classified as environmentally friendly products with low energy and water consumption.

As a signatory to the United Nations Global Compact, we continuously increase our contribution to the Sustainable Development Goals set by the United Nations and work towards a sustainable future.

While carrying out human-oriented transformation with our technology, we are building new business models for a net zero emission economy. We integrate the circular economy into our corporate culture and way of doing business. Our main strategy is to meet the needs of the future by creating environmental and social benefits.

While leading technological trends and digital transformation, we focus on sustainability in our products and services.

Vestel branded products are used in more than 160 countries around the world, which means a huge environmental impact. We also help consumers reduce their environmental impact with our eco-friendly smart products which are energy and water efficient and have technologies that prevent food waste. In this context, we launched the Domestic Recycling Project in 2022, where we included consumers in our environment-oriented activities. Thus, we support not only our Company but also individuals to reduce their carbon footprint.

Due to the negative impacts of plastic waste on the environment and human health, in our products and packaging, we use bioplastic and recyclable parts that are more easily biodegradable and leave no toxic residue. We used these parts in built-in ovens and hobs, which were among our first products in this scope. In 2023, we aim to further increase the use of bioplastics and recyclable parts. We have also intensified our R&D efforts on material technologies that reduce the use of materials and increase the recyclability of products.

We continuously strive to be an employer that adheres to ethical values, respects human rights and supports equal opportunity, inclusion and diversity.

Guided by our Smart Life 2030 strategy, we will continue to take firm steps towards a better future by ensuring sustainable growth.

We are aware that leveraging our academy programs that develop the competencies and skills of our employees and our constantly improving working conditions are key to retaining our talents, the most important factor that will carry our Company into the future. We continuously strive to be an employer that adheres to ethical values, respects human rights and supports equal opportunity, inclusion and diversity.

We take concrete steps that go beyond raising awareness by spreading gender equality to the grassroots. With our corporate volunteering program, Kivıamlar (Sparks) Movement, we expand our social impact by collaborating with NGOs in different fields. We are also implementing projects to increase the employment of persons with disabilities and to enrich their inclusion in daily life.

We have reaffirmed our environmental, social and governance impact by increasing our S&P Global ESG score by 44% to 65 points in 2022, in parallel with increasing our financial performance through our operations.

Guided by our Smart Life 2030 strategy, we will continue to take firm steps towards a better future by ensuring sustainable growth.

We believe that in 2023, we will continue to improve our performance thanks to our strong financial structure and corporate competencies. As a net exporter, we will continue our strong and sustainable growth in European and non-European markets by making the most of the opportunities offered by export markets.

I would like to thank all our stakeholders for their support and contributions in our efforts to build a sustainable future.

Sincerely,

Enis Turan ERDOĞAN

Chief Executive Officer

SENIOR MANAGEMENT



Enis Turan Erdoğan
Chief Executive Officer

Enis Turan Erdoğan obtained his bachelor's degree in mechanical engineering from Istanbul Technical University in 1979 and his MBA from Brunel University in the UK in 1979. Following his return to Türkiye, he worked in managerial positions in various companies in the private sector before joining Vestel in 1988. Having assumed various managerial positions at Vestel since 1988, Mr. Erdoğan served as the Chairman of Vestel Foreign Trade and as an Executive Committee Member at Vestel Elektronik until 2013. Since January 1, 2013, Turan Erdoğan has been the CEO of Vestel Group of Companies. Mr. Erdoğan served as the President of TURKTRADE (Turkish Foreign Trade Association) for two terms between 2002 and 2006. From 2010 to 2014, he sat at the board of Europe's largest ICT Confederation, DIGITALEUROPE, as the first Turkish national to hold this position.

Bekir Cem Köksal
Executive Committee Member

Cem Köksal graduated from the Mechanical Engineering Department of Boğaziçi University in 1988 and obtained a master's degree at Bilkent University in 1990. After serving in the banking industry between 1990 and 2001, Cem Köksal was named Deputy General Manager of Denizbank in 1997. Mr. Köksal joined Vestel as the Chief Financial Officer in 2002. Cem Köksal currently serves as an Executive Committee Member at Vestel Group of Companies, and is the Chief Financial Officer and Chairman of the Sustainability Committee at Zorlu Holding and a Board Member at Zorlu Enerji. Mr. Köksal is a member of the Board of Directors of UN Global Compact Türkiye and a substitute member of the Board of Directors of the Sustainable Development Association (SKD).

Necmi Kavuşturan
Executive Committee Member

Necmi Kavuşturan graduated from the Faculty of Political Sciences at Ankara University in 1979. Mr. Kavuşturan began his career as an expert at Türkiye İş Bankası in 1979 and became the Deputy General Manager of Interbank in 1985. Pioneering various projects at Interbank such as the Management Trainee program, open performance systems and overall quality management, Necmi Kavuşturan was appointed as the Deputy General Manager in charge of Management Services at Denizbank, a title he held between 1997 and 2003. During this period, Mr. Kavuşturan also managed the Advertisement, Public Relations, Construction and Purchasing Departments of Denizbank. Appointed as the Chief of Human Resources of Zorlu Holding in 2003, Necmi Kavuşturan has also been an Executive Committee Member for Human Resources at Vestel Group of Companies since 2005.

Alp Dayı
CFO of Vestel Group of Companies

Alp Dayı graduated from the Department of Industrial Engineering at Dokuz Eylül University in 2006 and received a degree in Finance from the University of California, UC Berkeley in 2006. He has served as a senior manager responsible for financial affairs at various industrial companies since 1987 and joined Vestel Group of Companies in 1999. Mr. Dayı has been serving as the CFO at Vestel Group of Companies, assuming responsibility for Vestel's both domestic and foreign subsidiaries since 2012.

İsmail Murat Sarpel
General Manager of Vestel Elektronik Sanayi ve Ticaret AŞ

İsmail Murat Sarpel graduated from the Department of Electrical and Electronics Engineering at Middle East Technical University in 1993 and completed his master's degree in the same department in 1993. Mr. Sarpel started his career at Vestel Group of Companies in 1990. He worked on TV design projects and served as TV Design Engineer and TV Project Manager at Vestel Elektronik during 1990-1997. Having served as Design Group Manager in Information Technologies between 1997 and 1998, he was assigned to establish Vestel USA, which was also engaged in Information Technologies, in Silicon Valley in 1998. Until 2001, he served as the R&D Director and the General Manager at Vestel USA. After returning to Türkiye in 2001, Mr. Sarpel established the R&D Department at Vestel Komünikasyon, which was Türkiye's first R&D department to work on digital media projects and served as the Deputy General Manager of the department. In 2005, he was appointed as the General Manager of Vestel Komünikasyon and served in this position for 1.5 years. Mr. Sarpel became the General Manager responsible for the Electronics R&D Department at Vestel Group of Companies in 2007. He was appointed as the General Manager of Vestel Elektronik Sanayi ve Ticaret AŞ in 2017 and became responsible for all operations including planning, logistics and procurement in addition to R&D.

**Erdal Haspolat**

General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ

Erdal Haspolat graduated from the Department of Mechanical Engineering at Middle East Technical University in 1992. Until 1996, he worked as a System Design Engineer at MKEK, Elmadağ Roket Sanayi ve Ticaret AŞ. Mr. Haspolat began to work in the R&D Department of Vestel Beyaz Eşya's Refrigerator Factory in 1998 and served as the R&D Engineer and R&D Laboratory Responsible between 1998 and 2002. During this period, he also took part in the projects for the localization of imported components used in the production of air-conditioners. Between 2002 and 2005, he served as the Quality Assurance Manager and R&D Manager for Vestel Beyaz Eşya's washing machine plant project. In 2005, he assumed the management of the dishwasher project, which was launched for the addition of dishwashers to Vestel Beyaz Eşya's product line. He carried out production, quality, product design and all related processes together with the project team and served as Dishwasher Factory Manager until 2013. In 2013, he became the Manager of the Refrigerator Plants. Mr. Haspolat was appointed as the General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ in April 2015 and has been serving in this position since then.

**Seda Kaya**

General Manager Responsible for International Sales at Vestel Ticaret AŞ

Seda Kaya graduated from the International Relations Department at Bilkent University in 1997. In the same year, she began to work as Sales Specialist at Vestel Dış Ticaret and served as Sales Specialist, Product Manager and Regional Sales Manager responsible for different regions and product groups between 2000 and 2006. Ms. Kaya served as the Deputy General Manager responsible for the international sales of consumer electronics products from 2006 to 2015. She was appointed as the General Manager responsible for international sales at Vestel Ticaret AŞ in June 2015 and has been serving in this position since then.

**Ergün Güler**

General Manager Responsible for Domestic Sales and Marketing at Vestel Ticaret AŞ

Ergün Güler, who holds an undergraduate degree in business administration from Dokuz Eylül University and an MBA degree from Bilkent University, started his career at Vestel in 2006-2012 as Finance Specialist and served as the Deputy General Manager in charge of Financial Affairs and Treasury between 2006 and 2012. Mr. Güler, who was appointed as the Corporate Risk & Treasury Coordinator at Zorlu Holding in May 2012, has been serving as the General Manager responsible for Domestic Sales and Marketing at Vestel Ticaret AŞ since October 2012. Ergün Güler participated in Stanford University's Stanford Lead program.

**Ali Tarkan Tekcan**

General Manager Responsible for Customer Services at Vestel Ticaret AŞ

A. Tarkan Tekcan, PhD, graduated from the Department of Electrical and Electronics Engineering at Dokuz Eylül University in 1994 and completed his master's degree in the same department in 1994. Mr. Tekcan completed an Engineering Management Program at Izmir Institute of Technology in 2006 and received his PhD Degree from the Department of Electrical and Electronics Engineering at Dokuz Eylül University in 2012. Between 1992 and 1996, he worked as a Research Assistant at Dokuz Eylül University, Department of Electrical and Electronics Engineering. A. Tarkan Tekcan served as the Education Director of the Izmir Branch of the Chamber of Electrical Engineers between 1996-1997 and as the Director of the Aegean Calibration and Metrology Training Center between 1997-1998. A. Tarkan Tekcan, PhD has also served as a Board Member of Izmir Branch of the Chamber of Electrical Engineers (EMO) and KalDer. In 1999, he started his career at Vestel as a Test Engineer in the R&D Test Group, where he held various positions. Mr. A. Tarkan Tekcan served as Deputy General Manager of R&D at Vestel Elektronik Sanayi ve Ticaret AŞ between 2006 and 2012. He was appointed as the General Manager Responsible for Customer Services at Vestel Ticaret AŞ in October 2012.

HIGHLIGHTS FROM 2022



Vestel becomes export champion for the 24th time

In the TIM Awards announced in 2022, Vestel became the export champion in its sector for the 24th time and ranked 5th among all sectors with sales revenues of TL 26 billion in foreign markets. In major household appliances, Vestel increased its sales to non-European countries, including the US market, and grew its market share in the European market.



Vestel increases its Environmental, Social and Governance (ESG) scores

Increasing its efforts to integrate environmental, social and governance (ESG) issues across the entire company, Vestel increased its S&P Global ESG score by 44% to 65 points in 2022. Vestel Elektronik plants' CDP climate change score increased to B and Vestel Beyaz Eşya plants' CDP climate change score increased to A-. Vestel Komünikasyon factory's EcoVadis 2022 rating is Silver.

In addition, Vestel Elektronik was included in Borsa Istanbul's BIST Sustainability 25 Index, which was calculated for the first time in 2022 and is composed of large and liquid companies with high sustainability performance.



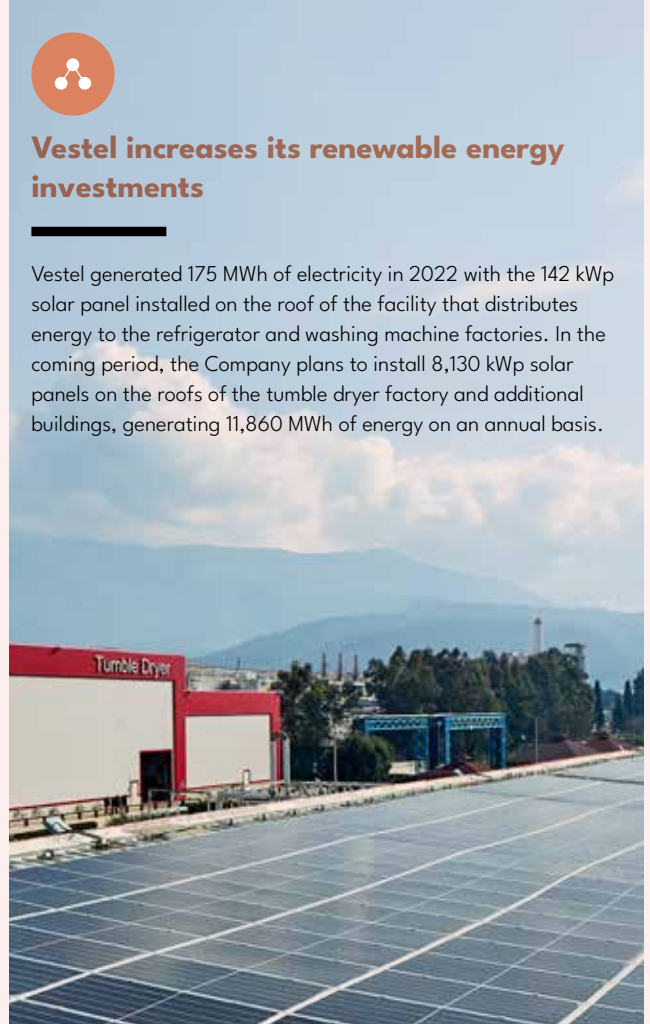
Vestel Sustainability Committee established

The Sustainability Committee, comprised of senior management and led by Vestel CEO, was established in 2022. The Committee convenes quarterly and its decisions are reported to the Board of Directors.



Vestel increases its renewable energy investments

Vestel generated 175 MWh of electricity in 2022 with the 142 kWp solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine factories. In the coming period, the Company plans to install 8,130 kWp solar panels on the roofs of the tumble dryer factory and additional buildings, generating 11,860 MWh of energy on an annual basis.





Vestel named Türkiye's 4th most valuable brand

Vestel achieved its highest brand value and brand ranking to date in the 2022 most valuable brand ranking by Brand Finance, an international finance institution. Having achieved a historic success by becoming one of the top 5 most valuable brands in Türkiye, Vestel has moved from 11th place to 4th place in the last year and is rapidly progressing towards its goal of becoming one of the top 3 most valuable brands in Türkiye.



Togg ready for mass production

Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret AŞ ("Togg"), of which Vestel is a founding partner with a 23% stake, became ready for mass production following the official opening of the Gemlik Campus on October 29. Commercial sales are planned to start in March 2023. Togg is a future technology company that designs electric vehicles, builds a mobility ecosystem around these vehicles and aims to create a sustainable future by making life easier for the masses leveraging this ecosystem. The Company, which will have a production capacity of 175,000 units per year and will employ 4,300 people once these production numbers are achieved, aims to produce a total of 1 million vehicles in 5 different models by 2030.



HIGHLIGHTS FROM 2022



Vestel completes the establishment of its new company in the US

Vestel established a new company, Vestel USA Inc. in New York, USA, in order to closely monitor and manage the increasing business volume and customer portfolio in North America, to accurately identify market needs through market research, to adapt the existing product range and to develop market-specific products.



Vestel's Electric Bicycle Batteries in Europe

Vestel realized its first export of Li-Ion battery packs produced at its factory in Izmir's Aegean Free Zone to the Netherlands with electric bicycle batteries. Vestel's electric bicycle batteries started to be used in Europe in the second half of 2022. Vestel meets the needs of major players in the bicycle industry with its safe, high-quality and EN50604-1 certified battery packs and continues to develop joint projects.



Vestel attends IFA for the 30th time

Taking strong steps towards its goal of becoming a technology company that creates social and environmental benefits with its accessible and smart products that make life easier, Vestel introduced its new product range consisting of consumer electronics, major household appliances, smart products, electric vehicle chargers, professional displays, and automotive and battery solutions to the world at the 30th IFA.



Vestel Beyaz Eşya increases its capacity

Vestel Beyaz Eşya increased its total annual production capacity from 13.6 million units to 15.6 million units as part of its ongoing capacity expansion program.



Over 170 awards for Vestel

Vestel has achieved huge successes in the fields of R&D, production, design, marketing, corporate communication, human resources and customer relations, and has received over 170 awards in various fields. Detailed information on the awards received can be found in Appendix 5.



Collaboration with Eneco eMobility for electric vehicle chargers

Vestel signed an agreement with Eneco eMobility, one of Germany's leading brands and one of the three largest charging service providers in the Benelux Region, for the supply of electric vehicle chargers. Under this agreement, Eneco eMobility will procure electric vehicle chargers from Vestel to be installed in the Benelux Region, comprising Belgium, the Netherlands and Luxembourg, and in Germany.



Vestel-Xperi partnership

Vestel signed a partnership agreement with the US-based Xperi Holding, under which TiVo, a subsidiary of Xperi, will be offered to users on televisions manufactured by Vestel. Smart TVs featuring the TiVo platform, which offers users ease of use and access to thousands of different content, are planned to be offered for sale in Türkiye in 2023, following their launch in Europe.



Vestel continues its rapid progress in Smart Living ecosystems

Starting with the smart home concept, Vestel is taking strong steps forward in its smart life journey and continues to be a pioneer.

Vestel adds value to the lives of end-users through its digital services with mobile applications Evin Akli in the domestic market and VeeZy in the international market, maintaining interactive communication with them at all times.

Growing its ecosystem with the ever-increasing sales of smart products, Vestel implements new business models with its customers.

Vestel closely follows the innovations in IoT technologies by participating in the Home Connectivity Alliance (HCA) and

the Connectivity Standards Alliance, which were established to remove communication infrastructure barriers between different manufacturers and ecosystems.

Placing the smart life concept at the center of life, Vestel has also started to serve the automotive industry with the in-car displays produced for Togg. Vestel's smart products can be actively controlled from Togg's in-car screens. This feature offers end users many possibilities, such as being able to turn on their Vestel air-conditioners from their vehicles before coming home. At the October 29 launch of Togg, visitors had the opportunity to experience these technologies.



VESTEL INTEGRATED BUSINESS MODEL

INPUTS

Financial Capital

- » Total capital and assets
- » Robust and sustainable liquidity position
- » Use of various financing instruments (Domestic/foreign bank loans, capital market instruments, etc.)
- » Close monitoring of the foreign exchange position
- » Close monitoring of receivables and use of credit insurance

Human Capital

- » Competent senior management and board of directors
- » 20,438 qualified employees
- » 1,106 contractor employees
- » 4,015 authorized service employees
- » Share of women in the board of directors: 29%

Intellectual Capital

- » TL 2.5 million of investment in digitalization for major household appliances
- » An R&D team of 1,799 people
- » More than 30 years of sectoral knowledge and innovation capacity
- » TL 1,040 million of R&D investment

Manufactured Capital

- » A total of 14 plants including 9 plants at Vestel City with an area of 1.3 million m²
- » 1,334 Vestel stores, 722 Regal stores and 10 VsOutlets
- » TL 2.7 billion investment in plants, machinery and equipment

Social and Relationship Capital

- » Collaborations with 47 sectoral associations and initiatives
- » A significant network of collaborations with over 70 industrial partners
- » Over 1 million retail customers (B2C) in Türkiye and over 2,300 corporate clients (B2B) at global level per year
- » A total of 5,178 suppliers, 3,720 local suppliers and 256 critical suppliers
- » 355 authorized service providers
- » Transparent and accountable investor relations
- » Strong brand identity and perception

Natural Capital

- » 511,023 tonnes of raw material input
- » 377,492 MWh of energy consumption
- » 1.41 million m³ of water use

Designing innovative and digital products and services that respond to customer needs

Flexible and agile manufacturing in large-scale, smart plants

Offering the best customer experience-oriented sales and after-sales services

BEING A TECHNOLOGY COMPANY THAT RENDERS LIFE EASIER AND CREATES SOCIAL AND ENVIRONMENTAL BENEFITS WITH ITS ACCESSIBLE AND SMART PRODUCTS



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

Achieving human-oriented transformation in the entire value chain with the power of technology



A NET ZERO COMPANY

Applying innovative business models and adopting the circular economy for transition to an economy based on net zero emissions

GLOBAL TRENDS AND DEVELOPMENTS

Changing socio-economic conditions and supply chains

Further acceleration of the digitalization trend and changing expectations of customers

Global environmental problems such as climate crisis, dwindling resources and loss of biodiversity



STRATEGIC APPROACH



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

Developing solutions that meet the needs of the future and make life easier by creating environmental and social benefits

OUTPUTS

Products

TV Sets
Digital Display Solutions
Mobile Products
Electric Vehicle Chargers
Automotive Electronics
LED Lighting
Battery Solutions
Electronic Cards
Refrigerators
Freezers
Dishwashers
Washing Machines
Tumble Dryers
Cooking Appliances
Air-conditioners
Water Heaters
Vaccine Storage Cabinets
Small Domestic Appliances

Services

Smart and digital solutions
Customer services
Hygiene solutions

Waste and Emissions

131,506 tonnes of scope 1&2 carbon emissions
65,434 tonnes of waste

OUTCOMES

Financial Capital

- » A market value of TL 23.9 billion as of December 31, 2022
- » A net profit of TL 1.1 billion
- » A turnover of TL 58.4 billion with a rise of 80% year-on-year
- » An EBITDA of TL 6.2 billion with a rise of 13% year-on-year
- » Savings of TL 288 million through innovation efforts regarding processes
- » Exports of TL 43 billion

Human Capital

- » A female employee share of 34%
- » A high-performing employee turnover rate of 3.6%
- » A 2% increase in the employment of the disabled
- » 20 hours of training per employee per year

Intellectual Capital

- » 6 awards in R&D, digitalization and technology
- » 182 patent applications
- » 180 registered patents
- » 226 actively-engaged R&D projects

Social and Relationship Capital

- » A customer satisfaction score of 89 in Türkiye
- » A customer loyalty score of 89 in Türkiye
- » An after-sales service satisfaction score of 90 in Türkiye (Vstar; Service satisfaction survey NPS score)
- » Türkiye's 4th most valuable brand with a brand value of USD 720 million
- » A community investment of TL 27.5 million
- » 2,903 hours of volunteer work
- » Collaboration with 14 universities regarding open innovation
- » 4,902 hours of training offered to suppliers

Natural Capital

- » 14% reduction in Scope 1 and Scope 2 emissions compared to 2021
- » Energy savings of 7,200 MWh and a reduction of 3,290 tonnes of carbon emissions
- » 175 MWh of renewable energy use
- » Waste recycling by 91.4%
- » 62,984 products renewed as part of circular economy
- » A reduction of 8,203 tonnes in plastics
- » Prevention of 376,618 trees from being cut down by using 22,154 tonnes of recycled cardboard

STRATEGIC APPROACH

Vision:

Being a technology company creating social and environmental benefits through accessible and smart products that make life easier

Area of Strategy	Technology and Human-Oriented Transformation	A Net Zero Company	Accessible and Smart Solutions That Make Life Easier
	<ul style="list-style-type: none"> Achieving human-oriented transformation in the entire value chain with the power of technology Spreading the transformation culture driven by technology and digitalization to the entire company and increasing the Company's share in the global market Applying to the value chain the technological innovations adding value to human life Focusing on diversity, inclusion and social benefit 	<ul style="list-style-type: none"> Applying innovative business models and adopting the circular economy for transition to an economy based on net zero emissions Achieving net zero emissions, first in the Company's operations and then in the entire value chain Implementing circular models that improve the Company's impact on natural resources 	<ul style="list-style-type: none"> Developing solutions that meet the needs of the future and make life easier by creating environmental and social benefits Developing new ideas and business models Developing digital service platforms by understanding customer needs Offering products and services that create environmental and social benefits
Relevant Material Issue	<ul style="list-style-type: none"> R&D and Innovation Digitalization Talent Management Responsible Supply Chain 	<ul style="list-style-type: none"> Climate Crisis and Transition to a Zero Carbon Economy Circular Economy and Waste 	<ul style="list-style-type: none"> R&D and Innovation Digitalization and Consumer Experience Products Creating Environmental and Social Benefits Customer Satisfaction and Communication
Target	<ul style="list-style-type: none"> Increasing the share of women in total workforce to 40% by 2030 Ensuring 100% compliance of all critical suppliers with the Supplier Code of Conduct by 2030 	<ul style="list-style-type: none"> Being a net zero company in the entire value chain by 2050* 	<ul style="list-style-type: none"> Increasing the online turnover rate in Türkiye to 25% by 2030
Relevant Sustainable Development Goals (SDGs)	<div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>10 REDUCED INEQUALITIES</div>	<div>6 CLEAN WATER AND SANITATION</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>

* A commitment was announced to set a Science Based Target under SBTi in 2021. These targets will be announced by the end of 2023.

Technology and Human-Oriented Transformation

Vestel aims to transform its corporate culture in a human-oriented way by leveraging the power of technology and digitalization. Vestel extends this culture to the entire company and develops the competencies of its employees in line with the new needs of the century, and implements digital and technological innovations in its operations. Adopting diversity, inclusiveness and social benefit as its core principles, in its value chain, Vestel implements technological innovations that add value to people's lives, and expands its global impact by increasing its share in the global market with the power of its transformation culture.

Major Capital Areas

Financial Capital
Intellectual Capital
Social and Relationship Capital
Human Capital

Net Zero Company

Vestel believes that playing a role in the fight against resource scarcity and the climate crisis should be on everyone's agenda, from the public to the private sector. In line with this responsibility, Vestel invests in innovative business models for the transition to a net zero emission economy and strives to implement circular models in both its products and operations.

Major Capital Areas

Financial Capital
Natural Capital

Accessible and Smart Solutions That Make Life Easier

Vestel believes that the products and services it offers will play a key role in the construction of a sustainable society. Developing solutions that respond to the needs of the future, make life easier and are accessible to everyone and create environmental and social benefits are among the main goals of Vestel. Focusing on identifying emerging needs and responding to them with new ideas and business models, Vestel prioritizes customer experience and invests in digital service platforms.

Major Capital Areas

Financial Capital
Intellectual Capital
Manufactured Capital
Social and Relationship Capital

STRATEGIC APPROACH

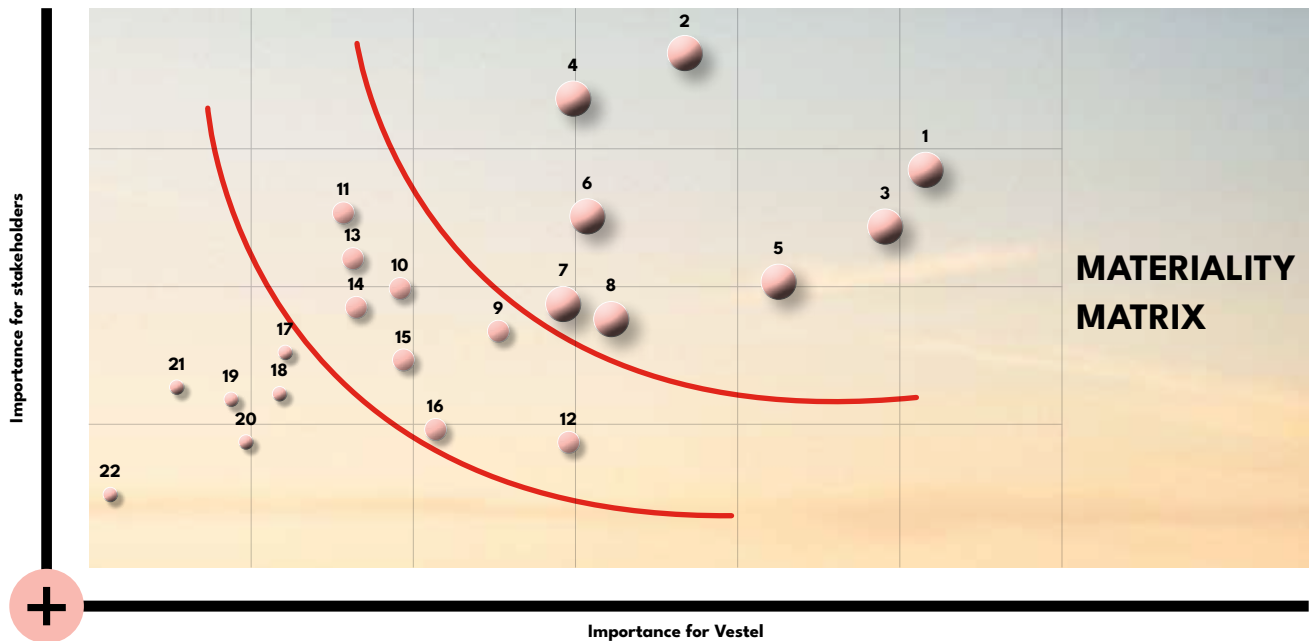
MATERIALITY ANALYSIS

Throughout the materiality analysis process, Vestel first created a long list of topics, including relevant topics for the sector in which the Company operates, based on an extensive literature review. In 2021, various stakeholder groups prioritized the list of topics through online surveys along with a comprehensive stakeholder analysis through which the Company received the opinions of a total of 2,372 stakeholders. In addition, Vestel benefited from the reports of international and sectoral initiatives and associations,

global trends, sustainability index criteria and the priorities of other sector players under the external trend analysis.

External trend analysis and stakeholder opinions helped with the identification of the priorities of stakeholders while Vestel's business strategy, opinions of executives, four-stage impact analysis and **Zorlu Holding's Smart Life 2030 strategy** contributed to setting Vestel's priorities. Common issues that stand out in both areas formed the material issues.

While 12 general managers and 1 board member in Vestel Group of Companies were interviewed to identify the opinions of the executives, the opinions of 31 deputy general managers were collected through online surveys. During the four-stage impact analysis, each topic was evaluated in terms of financial impacts and risks, regulatory impacts, innovation opportunities, sectoral examples, and competitive advantage.



Very High Priority Issues

- 1 R&D and Innovation
- 2 Climate Crisis and Transition to a Zero Carbon Economy
- 3 Digitalization and Consumer Experience
- 4 Circular Economy and Waste
- 5 Customer Satisfaction and Communication
- 6 Products Creating Environmental and Social Benefits
- 7 Responsible Supply Chain
- 8 Talent Management

High Priority Issues

- 9 Data Security and Cyber Risks
- 10 Occupational Health and Safety
- 11 Water and Wastewater
- 12 Stakeholder Engagement and Collaborations
- 13 Ethics, Compliance and Transparency
- 14 Product Quality and Safety
- 15 Equal Opportunities, Diversity and Inclusion
- 16 Employee Engagement and Satisfaction

Medium Priority Issues

- 17 Responsible Raw Material Management and Conflict Affected and High-Risk Area Minerals
- 18 Corporate Governance
- 19 Integrated Risk Management
- 20 Community Investment Programs
- 21 Human Rights
- 22 Biodiversity



MATERIAL TOPICS

Material Topic	Significance	Relevant Stakeholders	Relevant Department
R&D and Innovation	As a technology company, R&D and innovation are critical for Vestel in terms of both developing new products and transforming operations.	Employees, customers	Technology and Human-Oriented Transformation
Climate Crisis and Transition to a Zero Carbon Economy	It is of great importance to achieve net zero in greenhouse gas emissions as quickly as possible in order to keep global warming below 1.5 °C by 2050 and to minimize the effects of the climate crisis. The steps taken by the Company in its product portfolio and operations play a key role in the transition to a zero carbon economy.	All stakeholders/society	A Net Zero Company
Digitalization and Consumer Experience	In parallel with digitalization, customers demand digital products and services with emerging technologies. Developing digital products responding to customer needs by closely following evolving consumer behaviors is among the basic requirements for being a pioneer in the rapidly transforming sector.	Customers, employees	Accessible and Smart Solutions That Make Life Easier
Circular Economy and Waste	The prevailing linear economy model stands out as a model in which waste is considered as worthless and the increasing pressure on natural resources is ignored, leading to negative consequences such as economic loss and environmental pollution. In order to prevent these phenomena and protect the continuity of production, the adoption of cyclical models through which products are designed to be reintroduced to the economy and which accordingly changes the perspective on resources and waste, becomes prominent.	All stakeholders/society	A Net Zero Company
Customer Satisfaction and Communication	Keeping customer satisfaction high by always offering innovative products and the best services to customers plays a key role in the continuity of business success.	Customers	Customer Experience
Products Creating Environmental and Social Benefits	Vestel's various products and services that are low-carbon, reduce water consumption and pollution, and target disadvantaged groups will play an important role in building a sustainable society.	Customers, society	Accessible and Smart Solutions That Make Life Easier
Responsible Supply Chain	Management of the supply chain has a very important place in terms of the continuity of operations and the reputation of the Company. Monitoring environmental and social performance within the supply chain is among the basic requirements of successful supply chain management.	Suppliers	Supply Chain
Talent Management	With the rapid increase in digitalization, especially due to COVID-19, many jobs and job descriptions now have to transform. In a constantly-transforming environment, existing capabilities need to be continuously developed and adapted to emerging needs. It is critical to find right talents and invest in talents according to the requirements of the new century in order to remain a pioneering company in technology and digitalization.	Employees	Employees

STRATEGIC APPROACH

MATERIALITY ANALYSIS

TARGETS AND RESULTS

Material Topic	Target	Unit	Target Year	Base Year 2021 Results	2022 Results	Change Compared to Base Year	Related SDG
Climate Crisis and Transition to a Zero Carbon Economy	42% absolute value reduction in Scope 1 and 2 greenhouse gas emissions	tCO ₂ e	2030	153,170	131,560	↓ -14.10%	
Climate Crisis and Transition to a Zero Carbon Economy	12% reduction in energy intensity (per unit product)	Energy (kWh)/unit product (units)	2030	18.42	19.60	↑ 6.41%	 
Water and Waste Water	Reducing the amount of water withdrawn per unit of production by 15%	Withdrawn water (m ³)/unit product (units)	2030	0.072	0.073	↑ 1.39%	
Water and Waste Water	Using 50% recovered and recycled water	Recovered and recycled water (m ³)/Total water withdrawal (m ³)	2030	0.03%	2%	↑ 1.97%	
Circular Economy and Waste	Zeroing the amount of waste sent to landfill	Amount of Waste (Tonnes)	2025	84	46	↓ -45.24%	 
Talent Management/ Equal Opportunity, Diversity and Inclusion	Achieving a female employee ratio of 40% in the total workforce	Share of female employees	2030	34%	34%	— 0%	 
Talent Management/ Equal Opportunity, Diversity and Inclusion	Increasing the share of female employees in managerial (Supervisor and above) positions to 28%	%	2030	23%	24%	↑ 1%	 
Talent Management/ Equal Opportunity, Diversity and Inclusion	Increasing the share of women working in lower-level of management (Supervisor) to 34%	%	2030	30%	30%	— 0%	 

Material Topic	Target	Unit	Target Year	Base Year 2021 Results	2022 Results	Change Compared to Base Year	Related SDG
Talent Management/ Equal Opportunity, Diversity and Inclusion	Increasing the share of women working at middle level of management (Manager) to 21%	%	2030	16%	17%	↑ 1%	 
Talent Management/ Equal Opportunity, Diversity and Inclusion	Increasing the share of women working at senior level of management (DGM, GM, Executive Committee) to 26%	%	2030	14%	17%	↑ 3%	 
Talent Management/ Equal Opportunity, Diversity and Inclusion	Increasing the share of female employees in income-generating positions to 33%	%	2030	26%	26%	— 0%	 
Talent Management/ Equal Opportunity, Diversity and Inclusion	Increasing the share of female employees in STEM positions to 36%	%	2030	27%	27%	— 0%	 
Talent Management	Increasing the average annual training hours per employee (including OHS) to over 20 hours	Hours	2030	17	20	↑ 17%	
Community Investment Programs	Increasing the share of social investments in EBITDA to 1%	Annual %	2030	0.3%	0.4%	↑ 0.1%	 

STRATEGIC APPROACH

SUSTAINABILITY MANAGEMENT

With an ESG score of 75 from the Refinitiv rating agency, Vestel was included in the BIST Sustainability 25 Index.



An effective management structure is of great importance for the integration of environmental, social and governance (ESG) topics throughout the Company. Sustainability issues are managed by the Sustainability Department reporting to the CEO. The Sustainability Committee, comprised of senior management and led by Vestel CEO, was established in 2022. The Committee convenes quarterly and its decisions are reported to the Board of Directors. The duties and responsibilities of the Vestel Sustainability Committee are as follows:

- Determining corporate policies and strategies on environmental, social and governance (ESG) issues,
- Ensuring the integration of sustainability policies and strategies, including climate change and water management, with corporate business objectives,
- Assessing and making strategic decisions on non-financial risks and opportunities, including climate and water related issues, and managing identified risks and opportunities,
- Identifying KPIs and targets for critical sustainability issues,
- Ensuring the implementation of decisions taken for sustainability and the climate crisis, approving the financial investments required for

the said decisions and monitoring performance to ensure that targets are met,

- Determining the strategic framework of external assessment and rating tools (CDP, DJSI, Refinitiv, etc.) on sustainability and monitoring the results,
- Revising the Company strategy when necessary according to global trends in sustainability-related issues,
- Promoting cooperation with NGOs, public institutions and universities on sustainability-related issues.

Under the coordination of the Vestel Group of Companies Sustainability Department, there are working groups on Environment, Social, Governance, Technology, Supply Chain and Customer Satisfaction. Sustainability Working Groups have been established to control and coordinate sustainability-related issues. The members of these groups consist of experts and/or managers responsible for sustainability-related issues appointed by each department. These groups convene once a month. Sustainability Working Groups report to the Sustainability Committee. Sustainability Working Groups started working in 2021 in line with the new roadmaps prepared, and the work continued at an accelerated pace in 2022.

Duties and responsibilities of Sustainability Working Groups are as follows:

- Ensuring that all activities of the Sustainability Working Groups are in line with corporate strategy, policies and sustainability principles,
- Implementing the decisions of the Sustainability Committee,
- Implementing sustainability as the main strategy in processes,
- Developing proactive solutions for the Company's risks and opportunities related to sustainability, climate change and water management, reporting the said solutions and sharing best practices,
- Preparing and/or coordinating action plans for sustainability targets, implementing action plans, monitoring progress towards targets and reporting KPI results.

In addition, under Zorlu Holding's Smart Life 2030 strategy, Vestel contributes to the Holding's sustainability efforts along with all Group companies.

Information meetings and training programs are organized for employees on ESG policies and practices.

Vestel's performance in ESG issues is monitored through sustainability indices. Vestel Elektronik and Vestel Beyaz Eşya have been listed in the Borsa Istanbul Sustainability Index since 2015 and 2016, respectively. With an Environmental, Social and Governance (ESG) score of 75 from the Refinitiv rating agency, Vestel Elektronik (Vestel Group of Companies) was included in the BIST Sustainability 25 Index, a list of large and liquid companies with high sustainability performance, which was launched by Borsa Istanbul on November 21, 2022. Moreover, with this

ESG score, Vestel Elektronik ranks 12th among 124 companies in its sector on a global basis.

In 2022, Vestel increased its score by 44% to 65 in the 2022 Corporate Sustainability Assessment conducted by the international rating agency S&P Global, which evaluates over 1,000 companies worldwide.

Vestel Elektronik, Vestel Beyaz Eşya and Vestel Komünikasyon started to respond to the EcoVadis Sustainability Assessment in 2021 and the HIGG Sustainability Assessment in 2022. Vestel Komünikasyon factory's EcoVadis rating for 2022 is Silver. The Ecovadis 2022 evaluation process of Vestel Beyaz Eşya and Vestel Elektronik factories is ongoing.

In 2021, Vestel Elektronik and Vestel Beyaz Eşya became signatories to the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative.

Vestel aims to achieve net zero emissions by 2050, first in its own operations and then in its entire value chain. The Company announced its commitment to set Science Based Targets (under SBTi), a major step in achieving net zero emissions.

WORKING GROUPS AND THEIR FIELDS OF ACTIVITY

ENVIRONMENT Climate Crisis and Zero Carbon Economy Circular Economy and Waste Products Creating Environmental Benefits Water and Waste Water Biodiversity	SOCIAL Talent Management Occupational Health and Safety Equal Opportunities, Diversity and Inclusion Employee Engagement and Satisfaction Human Rights Community Investment Programs	GOVERNANCE Corporate Governance Integrated Risk Management Ethics, Compliance and Transparency Stakeholder Engagement and Collaborations
TECHNOLOGY R&D and Innovation Digitalization and Consumer Experience Products Creating Environmental and Social Benefits Data Security and Cyber Risks Product Quality and Safety	SUPPLY CHAIN Responsible Supply Chain Responsible Raw Material Management and Conflict Affected and High-Risk Area Minerals	CUSTOMER EXPERIENCE Customer Satisfaction and Communication Customer Experience

STRATEGIC APPROACH

ETHICAL PRINCIPLES

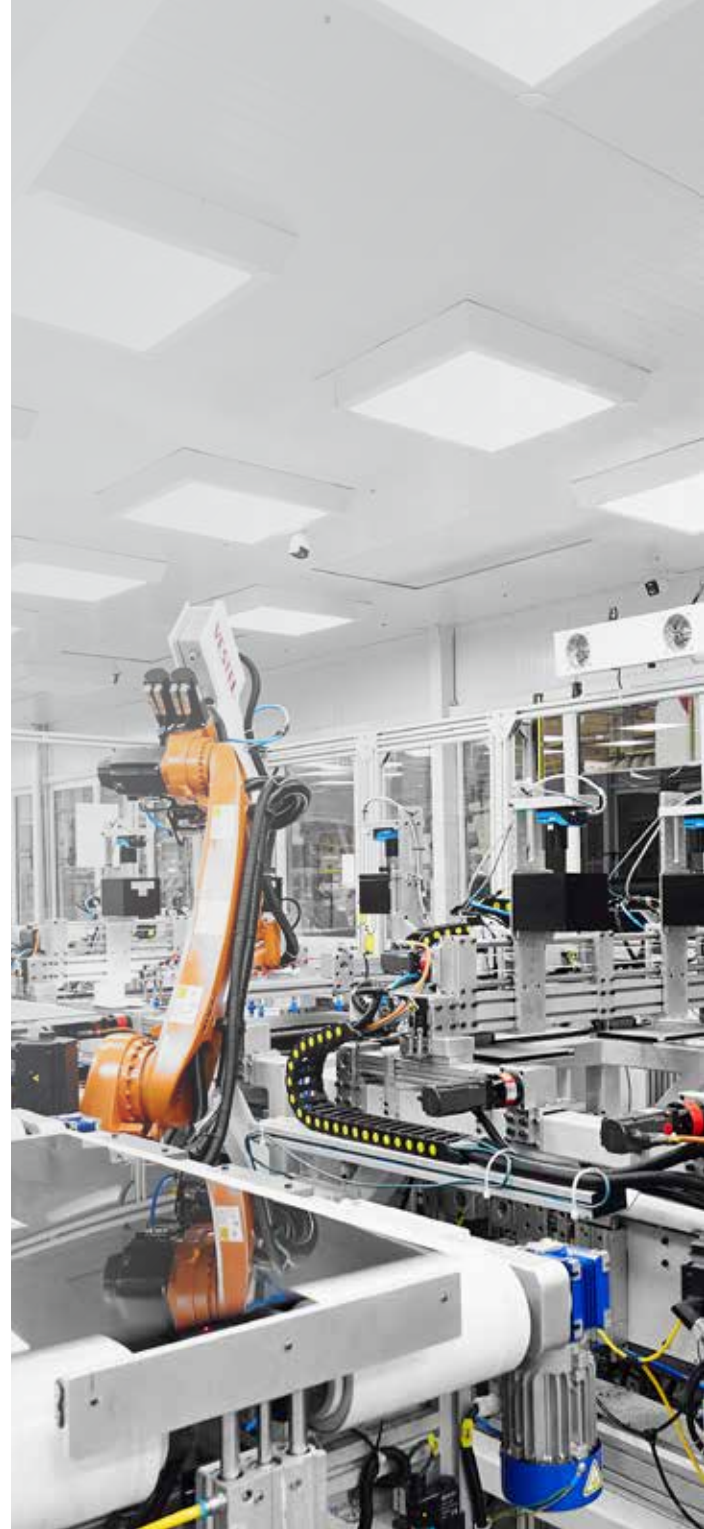
Vestel adopts an ethical way of doing business based on Zorlu Holding Ethical Principles. Guided by the Ethical Principles to realize its vision, it conducts its activities in line with the principles of accountability and transparency.

Vestel aims to ensure the compliance of all stakeholders with the Ethical Principles by integrating the ethical conduct into the entire institution.

Vestel adopts an ethical way of doing business based on Zorlu Holding Ethical Principles. Guided by the Ethical Principles to realize its vision, it conducts its activities in line with the principles of accountability and transparency. Zorlu Holding Ethical Principles regulate the basic principles, values and ways of doing business of the Holding and all Group companies. Ethical Principles, which constitute an indispensable set of rules created with the cornerstones of “integrity” and “honesty”, is in harmony with corporate policies, values and principles. Concerning the entire workforce, the Ethical Principles are binding for all stakeholders, especially suppliers, business partners, dealers, authorized vendors and authorized services as well. They ensure the effective management of stakeholder relations.

By integrating the culture of ethical behavior into the entire institution, Vestel aims to ensure compliance of all stakeholders with the Ethical Principles. In the fight against all kinds of corruption, including bribery and extortion, the Company makes use of tools such as Zorlu Holding’s internal audit mechanism, independent company audits, and information management systems, in addition to the Ethical Principles.

Zorlu Holding Ethical Principles are available [here](#).





Compliance with the Ethical Principles

All employees and stakeholders can send an e-mail to the Ethical Principles Hotline (etik@vestel.com.tr, etik@zorlu.com) and call 0 212 456 23 23 or 0 850 226 23 23 phone numbers at any time of the day to report and consult about the irregularities they encounter on ethical issues.

Set up with the aim of establishing, developing and maintaining an ethical culture, the Ethics Committee is chaired by Zorlu Holding CEO and consists of Zorlu Holding Chief Human Resources Officer, Zorlu Holding Chief Legal Officer and Zorlu Holding Audit General Manager.

Notifications received by the Ethical Principles Hotline are evaluated by Zorlu Holding's Audit Department. The results are shared with the Ethics Committee, Board members and the relevant Group CEOs on a quarterly basis.

In 2022, Vestel received five notifications regarding Ethical Principles, four of which were resolved, while the audit and action process for the others is ongoing. As a

result of 4 notifications that included allegations of corruption, a decision was taken to terminate professional relations with four employees and to impose disciplinary penalties on two others.

There are nine lawsuits finalized on social issues for Vestel Elektronik Sanayi ve Ticaret AŞ and two corruption lawsuits filed by Vestel under corporate governance. As a Zorlu Group company, Vestel offers Ethical Principles e-training through the Zorlu Academy online training platform. These trainings, which aim to raise awareness about ethical principles, explain how employees' way of doing business, approaches, and perspectives should be arranged in accordance with these principles. Ethical Principles Training is carried out under the umbrella of Smart Life 2030 and has been prepared and implemented within the scope of the Holding's Corporate Governance Working Group activities, in coordination with the Audit Department and the Human Resources Department. In 2022, a total of 1,951 employees received one-hour Ethical Principles training.



GLOBAL TRENDS, RISKS AND OPPORTUNITIES



Key Risks and Opportunities Affecting Vestel's Value Creation

In 2022, political, economic, social, technological and environmental developments have presented new equations that require solutions in many areas, from global drought to food supply shortages, logistical inefficiencies, fluctuations in raw material and energy prices, and high inflation.

Throughout the year, Vestel focused on proactively managing external developments and emerging risks, and seizing emerging opportunities in order to maintain its strength, resilience and productivity on the financial and ESG axes.

Risk Management at Vestel

Having an integrated risk management approach covering the entire business cycle, Vestel has set its risk management perspective for 2022 as identifying and implementing organization-wide mitigation/elimination actions for risks that may affect its current or future performance and/or reputation.

Throughout the year, risk appetite and risk management for major risks were systematically reviewed and updated where necessary. Each department and

function of the Company has monitored and evaluated the risks that it faces/may face, created and implemented action plans and reported the results within the scope of the risk management cycle.

In the context of managing risks centrally, Vestel has adopted the Zorlu Holding Risk Policy and Procedure and the Corporate Risk Management Framework, which are prepared within Zorlu Holding and applicable to all related companies.

Vestel's risk management framework is in full compliance with the Turkish Commercial Code and Capital Markets Board (CMB) regulations.

Risk Procedure and Risk Management Framework At Vestel

Vestel is a publicly listed company whose shares are traded on Borsa Istanbul. Vestel's risk management framework is in full compliance with the Turkish Commercial Code and Capital Markets Board (CMB) regulations.

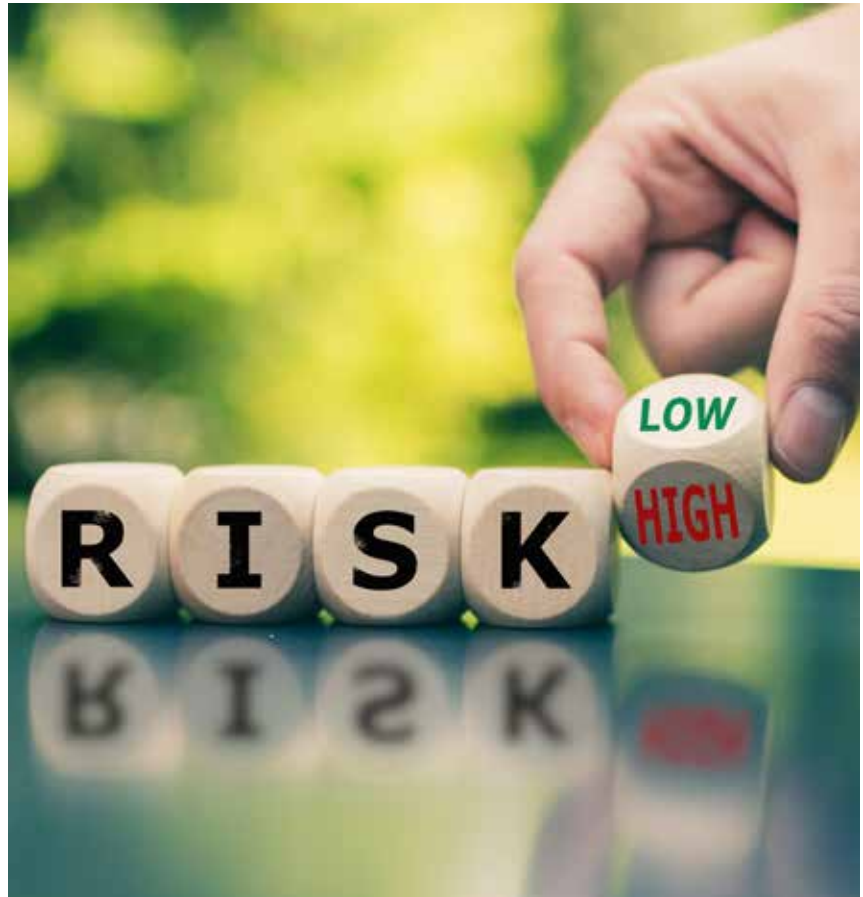
Recognizing that the climate crisis is the most important short, medium and long-term risk threatening humanity and its future, Vestel addresses the actual and potential risks posed by the climate crisis on human life and the business world, and the implications of these risks on its business cycle within the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

In this context, climate risks are addressed as transition and physical risks. <https://www.fsb-tcfd.org/recommendations/>

In this section, Vestel's main financial and ESG risks are discussed and impact and mitigation strategies are presented.

Other detailed information on Vestel's risk management processes and financial risks is presented in the Corporate Governance / Risks and Evaluation of the Board of Directors section.

Rank	Name of the risk	Score
1	Customer experience and digitalization risks	15.40
2	Climate risk	13.44
3	Risks related to circular economy and waste	12.80
4	R&D and innovation risks	11.80
5	Financial risks	9.67
6	Cyber risks	8.43
7	Talent management risks	6.71
8	Supply chain risks	6.56
9	Water risk	2.66



GLOBAL TRENDS, RISKS AND OPPORTUNITIES

RISK CATEGORY	
CUSTOMER EXPERIENCE AND DIGITALIZATION RISKS	Rising Risk
RISK SCORE	15.40
Definition of the Risk	<p>Customer experience means the nature and quality of the interaction between the company and the customer. This interaction extends from the first point of contact with the customer to the service/support offered about the product and service. This process, which covers the entire customer lifecycle, is heavily influenced by Industry 4.0, as well as various technologies such as smart automation, big data and artificial intelligence. Described as “disruptive”, these new technologies open up new opportunities as they displace existing products and services, and pave the way for the development of risks and cyber threats.</p> <p>As digitalization increases, customer demands and expectations change rapidly, and objective or biased experiences and comments shared on the internet, especially on social media, significantly shape customers’ purchasing decisions and preferences. This trend not only makes digitalization more important for manufacturers and service providers, but also poses various risks.</p>
Potential impact of the risk on Vestel	<ul style="list-style-type: none"> • Vestel’s failure to effectively utilize tools such as data analytics, CRM and big data may have a negative impact on the Company’s overall performance. • Vestel’s failure to provide customers with fast, safe and smart products and services in a timely and sufficient manner could weigh on its performance. • Users sharing negative comments about Vestel’s products and services on digital platforms (social media and internet) may negatively affect the Vestel brand and its reputation. • Vestel’s lagging in digital transformation and competitors’ advances with innovative/connected/digital products may have a negative impact on the Company’s performance. • Falling behind the competition in the market for socially beneficial products is one of the risks that may negatively affect the Vestel brand.

Term:
Short-medium

Vestel's actions and efforts to prevent risks/mitigate their impacts

- At Vestel, work is underway to establish the Data Science Department and to design a new process.
 - In 2022, efforts have begun to create a holistic Customer Experience Strategy and roadmap targeting CLTV and contactless customer experience.
 - Vestel Customer Services performs all its communication and services through the Analysis and Reporting Unit, using SAP CRM, HANA and POWER BI tools. In the coming period, these efforts will be enriched in line with the needs.
 - In 2022, Vestel expanded its IoT product range and continued its intensive R&D and product investments.
 - Vestel has carried the IoT approach to its communication activities as one of its main strategies under the roof of Evin Akli. In line with IoT data, the process of developing proactive after-sales services was initiated and projects were carried out with IoT teams.
 - At Vestel, customer comments are consolidated and analyzed under the Müneccim project and necessary actions are taken. All visible comments specific to Vestel stores, products and authorized services are managed with a centralized approach.
 - In addition to various digital transformation projects running simultaneously in different departments, innovative projects such as the website, www.cozumuvan.vestel.com.tr, and e-appointment, which offer digital service competencies to customers within the scope of the target of digitalization in services, were implemented. Work on services such as digital assistants etc. continues intensively.
 - Vestel has initiated various social transformation projects under the headings of household transformation, microfiber, etc.
 - As part of its customer services, Vestel recycles packaging waste after the installation of products. On the other hand, the Company is working on a social benefit business model.
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GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Opportunities identified by Vestel in this area	<ul style="list-style-type: none"> • Gaining new customers by enriching the personalized products, experiences and services offered to customers through technologies such as data analytics, artificial intelligence (AI), Internet of Things (IoT), CRM and big data • Ensuring growth and increasing market share through innovative digital products offered to customers (IoT, connected and smart products with AI systems, products with the most advanced technology, digital assistant, etc.) • Developing new sales areas with products that offer social benefits (products and solutions for disadvantaged groups, expanding access to technology with a rental model, offering solutions to support balanced nutrition, etc.) • Achieving efficiency, speed and cost advantage with the introduction of digital transformation in production 	Term: Short-medium
RISK CATEGORY	Rising Risk	
CLIMATE RISKS	<p>According to the World Economic Forum (WEF) Global Risks Report 2023, climate change and failure to tackle climate change are among the top risks that pose a critical threat over a 10-year period.</p> <p>Although there are various risks that climate change poses to human life and the business world, these risks are grouped under two main headings by the Task Force on Climate-related Financial Disclosures (TCFD). Risks associated with the transition to a zero carbon economy and physical risks expected to arise due to the physical impacts of climate change.</p>	
RISK SCORE		
Definition of the Risk		

Potential impact of the risk on Vestel

- Vestel makes 55% of its sales to Europe. Various mechanisms to reduce greenhouse gas emissions, such as carbon pricing and carbon border adjustment mechanism (CBAM) under the European Green Deal, are topics that may create a financial burden on the Company.
 - Vestel's failure to realize its targets set in relation to climate change, its inability to adapt or falling behind in these matters may affect its financial position and reputation.
 - Vestel's failure to keep pace with market developments in the transition to a zero-carbon economy and its lagging behind the competition in innovation may affect not only its financial position but also its brand value.
 - In the coming period, disruptions and interruptions in the supply chain due to extreme weather events may lead to price and supply fluctuations in Vestel's input costs.
 - Vestel and its suppliers may face problems in accessing quality and sufficient water for their production activities as a result of water stress that may increase due to climate change.
 - Failure and deterioration of Vestel products due to high temperatures may adversely affect the brand's reputation.
 - As a result of the increase in extreme weather events such as floods and cyclones, production at Vestel may stop and damage to factories may cause various losses, particularly financial losses.
 - Fires that may break out in the forests and electricity transmission lines close to Vestel due to extreme temperatures may cause production to stop and result in financial losses.
 - A possible rise in the sea water level in and around Manisa, where Vestel operates, may cause damage to the production facilities and financial losses.
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GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Vestel's actions and efforts to prevent risks/mitigate their impacts	<ul style="list-style-type: none"> • Vestel has developed projects to reduce greenhouse gas emissions and has started to implement them. As the projects are implemented, the impact of climate risk on Vestel's financial structure will decrease. • Vestel attaches great importance to innovation efforts. In connection with climate risk, work is ongoing on numerous R&D and innovation projects to reduce carbon emissions. • Vestel manages and reviews its supplier portfolio in the context of the geography in which it operates and the climate crisis, and manages and reviews its portfolio in an optimal manner in terms of substitutability. • Vestel carries out projects to reduce water use. The Company also informs its suppliers about water risk through audits of critical suppliers and encourages them to take the necessary measures. • Vestel systematically tests each product in its product portfolio in terms of the highest and lowest heat levels to which it can be exposed. • Since Manisa is unlikely to be affected by the rise in sea levels, this risk is in the negligible category for Vestel.
Opportunities identified by Vestel in this area	<ul style="list-style-type: none"> • Renewable energy, which plays an important role in achieving the net zero target by 2050, becoming a cheaper energy source and the procurement or generation of renewable energy by Vestel • Vestel's achievement of high environmental, social and governance (ESG) performance and access to more affordable financing from financial institutions compared to conventional loans • Developing new products and services ensuring mitigation and adaptation to climate change such as air-conditioning solutions, solutions for renewable energy, products with high energy and water efficiency, electric vehicle chargers and batteries, and achieving a significant increase in turnover and growth opportunity through these products and services • Building resilience against potential business interruptions and price/supply fluctuations along the supply chain by supporting suppliers to make investments to mitigate climate change risks • Reducing carbon costs by getting ahead of competitors in climate change performance

RISK CATEGORY**RISKS RELATED TO CIRCULAR
ECONOMY AND WASTE****RISK SCORE****12.80****Definition of the Risk**

Our planet is going through an environmental crisis triggered mainly by plastic pollution.

Plastic pollution has become one of the most pressing environmental problems, especially as the rapidly increasing production of single-use plastic products exceeds the planet's ability to cope with this waste. Due to the lack of proper recycling of plastic waste, plastic waste ends up in nature and oceans, threatening human health and biodiversity as well as the environment.

According to World Bank sources, with current production and waste management systems and a growing world population, global waste is expected to increase by 70% by 2050. In other words, it is estimated that approximately 12 billion tonnes of plastic will end up in the nature.

In order to prevent this crisis and the negative impacts it will create, existing production systems need to evolve from a "take-make-waste" approach to a circular understanding of "make-use-recover".

Regulations such as the European Green Deal Circular Economy Action Plan, and the Zero Waste Project of the Ministry of Environment and Urbanization of the Republic of Türkiye are among the steps taken by public authorities in this vein.

Term:
Medium-long

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Potential impact of the risk on Vestel	<ul style="list-style-type: none"> • Regulations to prevent plastic pollution and increase recycled content in products and packaging (EU Eco Design Directive, new Packaging Waste Control Regulation, etc.) will lead to potential new taxation in the coming period. This development may have a negative impact on Vestel's financial structure through costs. • The higher cost of recycled plastic raw materials will result in higher costs for Vestel. • Quality and durability issues related to recycled plastics are considered as a risk that Vestel will face in its production and trade cycle. • The inadequacy of the plastics recycling infrastructure in Türkiye poses a risk for Vestel, as waste products cannot be properly utilized and recycled into the economy. • If Vestel fails to develop products and business models that address the circular economy and plastic pollution, it will fall behind the competition.
Vestel's actions and efforts to prevent risks/mitigate their impacts	<ul style="list-style-type: none"> • Vestel carries out Industry 4.0 activities in production. These efforts make direct and indirect contributions to the circular economy and the elimination of waste and risks. In other words, Vestel invests in the most efficient production processes and circular economy models. • Vestel continues to work on zero waste factories. • In addition to the development of products that ensure natural resource efficiency and reduce pollution, investments are made in repair and second-hand sales models. • Vestel carries out R&D activities to use recycled and recyclable raw materials.

Opportunities identified by Vestel in this area

- Within the scope of the EU Green Deal, it is important for Vestel to access various Horizon funds through R&D projects on circular economy.
- Circular models aim to reduce waste costs and potential additional financial burdens.
- The Company envisages to increase product and customer satisfaction by introducing opportunities such as repair service and reuse of products and opening new business areas for models based on used products and rental.
- According to a recent survey, 85% of European retailers state that their sales of sustainable products have increased in the last five years and 92% say they will rise in the next five years. Vestel aims to provide cost advantages through reusable, repairable, durable products with high recycled content and to attract customers who are sensitive to these issues to Vestel.
- By reusing raw materials, it is possible to reduce raw material costs in production.
- Another area of opportunity is to create growth areas with innovative products that provide solutions to the circular economy and plastic pollution.

RISK CATEGORY

R&D AND INNOVATION RISKS

RISK SCORE **11.80**

Definition of the Risk

R&D and innovation is one of the key determinants of the short, medium and long-term success of the production and trade cycle in today's world. Failure to respond proactively and agilely to the rapid technological change in the world, customer demand and regulatory changes in the countries of operation is a significant risk for companies. In order to respond quickly to changing and increasing customer and market expectations in parallel with digitalization, the sustainability of a competent human resources as well as R&D and innovation infrastructure is of utmost importance.

Term:
Short-medium

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Potential impact of the risk on Vestel

- Failure to ensure the continuity of Vestel's R&D teams may affect the Company's competitiveness in the market and its financial performance.
- Vestel operates in a sector focused on innovation. Therefore, not being an attractive option for skilled human resources in new business areas can pose a significant risk.
- Failure to allocate sufficient financial resources for R&D and innovation expenditures may affect Vestel's performance.
- Organizational structure, goals and motivation that are not in line with needs and trends can affect the satisfaction and loyalty of human resources in particular.
- Failure to integrate into R&D and innovation ecosystems may lead to a decrease in Vestel's competitiveness.
- If the technologies and trends focused on do not match the sector and user expectations or are not mature enough, or if the technologies and trends shift to different areas, it may result in failure to develop a product range in line with consumer demands.
- Vestel's success in R&D will be affected by the decline in the share allocated for TÜBİTAK funding mechanisms and the decrease in Türkiye's share in EU project incentives. Similar results may be observed in the case of a decline in R&D center performance evaluations and a decrease in EU project participation and university-industry cooperation activities.
- Failure to maintain competitiveness in the face of strong customers, challenges in entering new markets in the face of the high bargaining power of large customers and dominant players, and weak bargaining power of the Company are among the consequences of lagging behind in R&D and innovation.
- The fact that the Green Deal requirements and the concept of sustainability are not included in R&D projects with sufficient maturity points to another R&D risk for Vestel.

Vestel's actions and efforts to prevent risks/mitigate their impacts

- Vestel is determined to systematically increase the share of its budget allocated to R&D and is working to diversify the support it receives from national and international funds.
 - One of Vestel's most characteristic features is its flexibility and agility. Thanks to this feature, it can take quick action against change and adversity.
 - Vestel is among Türkiye's leading companies. Exporting to over 160 countries, it is a globally integrated company. Vestel is in constant interaction with its stakeholders and is a leading player in global innovation and R&D ecosystems.
 - Vestel is a technology company. It is integrated with its ecosystem both globally and locally. This integration supports it to make good use of the feedback it receives and to be a producer of innovations.
 - Vestel is in regular communication with TÜBİTAK and the Ministry of Industry and Technology and also takes initiatives through NGOs such as ECİD and TTGV.
 - Vestel continuously improves the working conditions of its employees and its salary policies and increases motivation through participation in EU projects.
 - Vestel Human Resources Department carries out activities to ensure that the Company is attractive to employees, including pre- and post-employment processes. The continuous development of employees with experience in R&D and innovation is supported through network activities, collaborations and memberships.
 - Vestel carries out proactive efforts to maintain and improve its competitive edge. Existing experience is transferred to new business lines through horizontal integration, and joint efforts are carried out with ventures under Vestel Ventures in new business areas.
 - Concepts such as Green Deal and sustainability have become mandatory in all incentive mechanisms to which Vestel is a party. Vestel's investment promotion team also plays a driving role in ensuring that these issues are included in projects.
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GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Opportunities identified by Vestel in this area	<ul style="list-style-type: none"> • Vestel's activities are aligned with Priority R&D and Innovation Topics prepared by the Presidency of the Republic of Türkiye and TÜBİTAK. • Vestel sees its R&D and innovation capacity, which it has developed with the participation of new talents, as an important opportunity to increase its competitiveness. • The entry into new business areas and the increase in the number of R&D and innovation projects offer significant opportunities for Vestel, and the Company high integration with the R&D and innovation ecosystem. • Within the scope of the EU Green Deal, Vestel has access to various Horizon funds for its circular economy R&D projects. 	
RISK CATEGORY		
FINANCIAL RISKS		
RISK SCORE	9.67	
Definition of the Risk	<p>Financial risk is a situation that may arise as a result of internal and/or external changes that may harm the financial sustainability of a company. The losses caused by financial risk can be very diverse: loss of assets, significant reduction in equity, interruption in cash flow, etc.</p>	Term: Short-medium
Potential impact of the risk on Vestel	<ul style="list-style-type: none"> • Fluctuations in foreign exchange rates may result in gains or losses on the valuation of foreign currency positions carried on Vestel's balance sheet. • A possible increase in interest rates may lead to an increase in the cost of short/long term floating rate loans. The rise in interest rates may increase Vestel's borrowing costs and suppress its profitability. • Possible imbalances in cash flows may result in Vestel not having sufficient cash to meet its cash outflows. • Failure to properly plan borrowing amounts, costs and maturities and wrong strategic decisions can lead to very high levels of borrowing. High debt risk is associated with liquidity and cash flow risk. • Vestel's cash flow may deteriorate and liquidity risk may arise as a result of the failure to balance cash inflows and cash outflows in the future. • Vestel's failure to collect its receivables may turn into a significant financial risk. 	

Vestel's actions and efforts to prevent risks/mitigate their impacts	<ul style="list-style-type: none"> • Vestel manages its balance sheet with a proactive approach. The Treasury Department keeps the Company's open positions under control through derivative transactions carried out on a 2 to 3 day basis, thus eliminating currency risk. • In line with the decisions of Vestel's senior management, interest payments on floating rate borrowings are fixed by using interest rate swaps and similar derivative instruments in cooperation with banks. • Vestel monitors cash inflow and cash outflow plans and proactively makes necessary interventions through its effective financial management operations. • Thanks to effective financial management, the borrowing rates and maturities of Vestel Group companies are monitored and interventions are made where necessary. Similarly, finance and treasury management operations monitor the entire cash flow balance of the Company. In periods of increased risk, necessary intervention plans are made and implemented. • The trade receivables insurance process, organized and systematically managed by the Corporate Risk Management, Sales and Finance Departments, protects Vestel's receivables arising from all sales covered by the policy. 	
Opportunities identified by Vestel in this area	<ul style="list-style-type: none"> • Since the majority of Vestel's sales are export-oriented, the depreciation of the TL will reduce the share of TL denominated costs in total costs. 	
RISK CATEGORY		
CYBER RISKS		
RISK SCORE		8.43
Definition of the Risk	<p>While the digitalization of business processes, products and services offers opportunities such as efficiency and higher performance in the working environment, it also poses cyber risks. Companies today face a multitude of cyber risks, including but not limited to the following:</p> <ul style="list-style-type: none"> • Bad activity risk • Risks associated with software, industrial control systems and means of communication • Inventory security risks • Extensive attack surface and external network footprint risks (perimeter posture) • Dark web risks • Potential data breach incidents and business interruption risks (security incidents) • Risks regarding the Company's reputation and promotion (external presence risk) • Cyber security personnel shortage 	Term: Short-medium

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Potential impact of the risk on Vestel

- The leakage and sharing of Vestel's data in illegal environments and the disclosure of user accounts, passwords and personal data would damage the Company's reputation.
 - Vestel may be harmed due to risks associated with intense theft and spam activity, malicious external activities, phishing¹ and social engineering.
 - The use of risky software and applications, online payment processors, linked database technologies, industrial control systems and communication tools risks may affect Vestel's performance, processes and efficiency.
 - Shared hosting, CDN services, concurrent services, e-commerce websites, security and performance risks, network, server and configuration issues are some of the risks that may be encountered in Vestel's partnerships with external stakeholders. Other risks include risks related to the popularity of managed websites, corporate reputation and publicity, external network footprint and extensive attack surface risks.
 - The low level of employee sensitivity and cyber security awareness and the risks that may arise in its management may affect Vestel.
 - Possible data leakage and breach incidents, business interruptions and discontinuity, breach and leakage of Company data and personal data as a result of cyber-attacks may cause financial damage to Vestel, as well as loss of customers, fines and sanctions.
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¹Phishing is a type of online attack where scammers send random e-mails to user accounts.

Vestel's actions and activities to prevent risks/mitigate their impacts

- Cyber threat intelligence management is of great importance at Vestel. Dark web platforms are periodically scanned with Threat Intelligence services. In case of data breaches concerning the Company, necessary notifications are made and timely action is taken.
- At Vestel, an effective process management is implemented through periodic scanning management, periodic studies and warnings against vulnerabilities and weaknesses. Risks are minimized by using e-mail security and end-user antivirus and intrusion prevention system (IPS) to prevent spam activity and malware. Planned work continues in line with the SIEM-SOAR project target to support existing technologies.
- At Vestel, improvement and control processes are implemented, scans, troubleshooting and planned improvements are carried out prior to launching applications in the outside world.
- The applications and platforms served to the outside world are monitored for vulnerabilities that have been published in global markets, and security scenarios are implemented through version updates.
- At Vestel, applications that contain critical data (Database) are protected with a focused approach. Access to critical data is isolated by implementing multiple authentication services and security architectures.
- At Vestel, in addition to the improvement and control processes (scanning, troubleshooting and planned improvements) implemented before applications are launched in the outside world, access to services is provided in a controlled manner through security solutions such as DNS, SPF, SSL, DDOS, etc.
- End users and their information are the main targets of attacks that threaten cybersecurity. In addition to planned activities to raise individual awareness, Vestel also makes periodic announcements. Training plans are created and supported with strong technology. Layer-2 Security Solution, Antivirus, IPS, Proxy services are used. DLP and End Point Security project preparations are ongoing in addition to existing services.
- Vestel makes systematic infrastructure improvements and receives consultancy services against external threats and actors. At Vestel, where comprehensive intrusion detection systems are used, risks are managed at controllable levels through the use of denial of service attacks (DDOS), load balancers and firewalls. Planned activities within the scope of the SIEM-SOAR project, which will support existing technologies, are ongoing.
- Vestel's Cyber Security Action Plan (ZORLU SGEP) was prepared and significant progress was made in terms of rapid action, roadmap and solutions. Efforts to purchase cyber insurance to cover the entire inventory are ongoing.

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

Opportunities identified by Vestel in this area	<ul style="list-style-type: none"> Vestel considers the sustainability of its strong cyber security structure as an important foundation of its corporate reputation. Opening new business areas by developing products against cyber risks is another opportunity identified by Vestel. 	
RISK CATEGORY		
TALENT MANAGEMENT RISKS		
RISK SCORE	6.71	
Definition of the Risk	<p>Digitalization is one of the most important trends of the recent period. During the pandemic period in 2020-2021, digitalization, which increased exponentially in speed, caused a significant change in terms of talent management, transforming many jobs and job descriptions. In a constantly-transforming environment, existing capabilities need to be continuously developed and adapted to emerging needs.</p> <p>This so-called talent gap is a major risk area, especially for companies operating in the fields of engineering and technology.</p> <p>According to a study published by Gartner, the talent gap is one of the biggest risks facing businesses around the world.</p>	Term: Short-medium
Potential impact of the risk on Vestel	<ul style="list-style-type: none"> Failure to provide a suitable working environment for new talents at Vestel may result in a failure to attract them to the Company, which can lead to loss of market share and reputation. The Company's competent human resources may be lost, primarily due to deterioration in wage and benefit packages. Vestel's loss of talent may lead to an increase in employee turnover. Filling vacancies with unsuitable candidates or not finding qualified employees can pose a significant risk. The development of an HR structure at Vestel that does not respond to the need for competencies may cause positions to remain vacant for a long time. Lack of effective talent management may lead to a decrease in employee loyalty and satisfaction at Vestel. Failure to comply with human rights or inadequate compliance with human rights may lead to a decrease in Vestel's reputation and a negative perception in the market. Insufficient training to achieve skills to respond to changing needs (upskilling) or to acquire new skills to perform a new job (reskilling) may results in a weakened talent pool. Failure to increase the share of female employees may cause Vestel to suffer reputational damage. 	

Vestel's actions and efforts to prevent risks/mitigate their impacts

- Under conditions of high inflation, it is important to make timely wage and benefit adjustments in line with market realities and competition in the sector. The value proposition offered to employees at Vestel is supported by Vestel Employer Brand and Employee Loyalty Projects ("Heartfelt Conversations", Seniority Plaques and Awards, New Year's Sweepstakes, Welcome Package, etc.).
- Advertisements are published on different platforms and works are carried out to attract talents. In addition to shortening/improving the recruitment process at Vestel, internal resource evaluation is made more effective through the rotation system.
- The focus is on effective talent management using the outputs of the White-Collar Talent and Career Management project.
- Zorlu Holding and all of its companies (Zorlu Group) undertake to conduct business and take actions in full compliance with Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Declaration on Fundamental Principles and Rights at Work adopted by International Labour Organization and, as a signatory party, United Nations Global Impact. This commitment includes standing against all forms of discrimination, providing a safe working environment, not allowing child labor, and ensuring a working environment where employees can freely express themselves. The sustainability of the commitment is guaranteed by the "Zorlu Holding Human Rights Policy" and "Zorlu Holding Ethical Principles".
- Vestel implements development-based training projects for employees, and responds to demands by strengthening upskilling and reskilling trainings on a department and company basis.
- Vestel aims to achieve the target of 40% female employee share by 2030. Moreover, the impact of risk seems to be low in the current demographic structure. On the other hand, the Company plans to pay even more attention to gender equality in recruitment and talent attraction projects.

Opportunities identified by Vestel in this area

- New talents joining Vestel and acquiring up-to-date skills will increase the Company's R&D and innovation capacity and thus its competitiveness in the sector.
- New and young talents will nourish the Company with innovative ideas and enable the development of innovative products.
- With a skilled workforce that fully realizes its potential, Vestel will strengthen its productivity and financial performance. Reduced employee turnover will have a positive impact on Vestel's cost base and the Company's reputation.

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

RISK CATEGORY	
SUPPLY CHAIN RISKS	
RISK SCORE	6.56
Definition of the Risk	<p>When it comes to business lines and sectors with complex supply chains, supply chain management plays a very important role in terms of business continuity and corporate reputation. The pandemic in the 2020-2021 period has clearly revealed the vulnerabilities and risks in the global supply chain, and the global supply shortage of an important input such as semiconductors has signaled that the management of risks in this area has become much more critical. Supply chain risks are addressed in the following main categories.</p> <p>Supply risk: Potential problems in Vestel's supply chain and the risk of not being able to procure products from suppliers in a timely/complete manner</p> <p>Demand risk: The risk that Vestel may under or over supply products to the market as a result of a sudden decrease or increase in customer demand due to sudden major shocks (e.g. epidemics, war, etc.)</p> <p>Environmental risks: Risks such as cost increases, production disruptions, etc. in the Vestel supply chain due to the climate crisis and environmental problems</p> <p>Business and financial risks: Risks arising from reasons such as increasing costs in the supply chain, potential loss of financial stability regarding Vestel's suppliers and organizational errors, etc.</p> <p>Compliance risks: Risks arising in the supply chain from non-compliance with regulations regarding human rights, conflict affected minerals (Tin, Tungsten, Tantalum, Gold (3TG)), ethical and environmental issues</p>
Potential impact of the risk on Vestel	<ul style="list-style-type: none"> • Disruptions in the supply chain and the failure to obtain timely/complete products from suppliers may affect operations and have a negative impact on Vestel's brand perception. • Sudden and large shocks similar to COVID-19 may cause Vestel to under or over supply products to the market as a result of sudden decreases and increases in consumer demand. This can lead to increased inventory and freight costs, missed targets and customer dissatisfaction. • Sudden fluctuations in exchange rates may affect costs and profitability. • Yet another risk is that non-compliance by suppliers with contractual terms and conditions may affect Vestel.

Term:
Short-medium

Vestel's actions and efforts to prevent risks/mitigate their impacts	<ul style="list-style-type: none"> • Vestel conducts alternative material studies for the materials it procures and cooperates with more than one supplier. • In cases where risk increases in the short term, it resorts to shipment types that will provide faster supply. • Vestel follows a safety stocks approach. • Vestel regularly monitors the cancellation periods of the orders it transmits to suppliers and adjusts the quantities according to changes in demand. In case of sudden shocks, the consumption rate is increased by directing excess materials to alternative uses. • Vestel closely monitors international markets and stock exchanges. The Company focuses on hedging its position through exchange rate fixing agreements with suppliers, TL payment agreements with domestic suppliers, and future price fixing (options, spot purchase) agreements for commodities. Vestel signs binding contracts in accordance with international trade law and requests letters of guarantee from suppliers in order to eliminate situations that may lead to operational problems, failure to supply goods and production stoppages. Suppliers who violate working conditions are blacklisted and monitored, and alternative supplier relationships are formed for each commodity group.
Opportunities identified by Vestel in this area	<ul style="list-style-type: none"> • Vestel anticipates that its ESG performance and competitiveness in the sector will increase by adopting responsible and sustainable procurement principles in its supply chain. • An effective supply chain management will contribute to Vestel's financial performance. • Good relations and effective management with suppliers will help Vestel enhance its reputation and facilitate the establishment of new business relationships. • A sustainable supply chain will create the potential for innovation and market differentiation.

GLOBAL TRENDS, RISKS AND OPPORTUNITIES

RISK CATEGORY		
WATER RISK		
RISK SCORE	2.66	
Definition of the Risk	<p>The World Economic Forum's 2023 Risk Report ranks water scarcity among the most important risks on a global scale. Water stress and water risk concern and affect not only water-stressed basins but also many production processes, particularly agriculture. On the other hand, with increasing globalization and global trade ties, water is considered a global resource rather than a local one. Sustainability, conservation and development of freshwater resources are important not only from a social and environmental perspective, but also in terms of economic sustainability and human welfare.</p>	Term: Short-medium
Potential impact of the risk on Vestel	<p>Vestel assesses three topics related to water risk.</p> <ul style="list-style-type: none"> • Lack of water supply • Process water quality • Drinking water quality 	
Vestel's actions and efforts to prevent risks/mitigate their impacts	<ul style="list-style-type: none"> • In addition to increasing the use of rainwater, Vestel also carries out projects to utilize recycled water. Vestel is working to purchase recycled water from the advanced water treatment plant in the Manisa Organized Industrial Zone and conducts periodic water quality analyses at the units its auxiliary facilities as part of its water quality efforts. • Periodic drinking water analyses are carried out at Vestel by the Manisa Provincial Directorate of Health, and filtration and UV disinfection services are also provided at the facilities. • Within the scope of its water risk management, Vestel carries out analyses by monitoring the WRI Aqueduct Water Risk Atlas. 	
Opportunities identified by Vestel in this area	<ul style="list-style-type: none"> • Innovations can be triggered by developing alternative solutions to reduce water use in production processes. • Product innovation and new technologies can be used to design products that reduce water consumption and create opportunities for differentiation in the market. 	

EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022



MAJOR HOUSEHOLD APPLIANCES

In 2022, as the effects of the pandemic subsided, demand began to normalize, while the uncertainties created by the Russia-Ukraine crisis, increasing inflationary pressures on a global basis and the decline in the purchasing power of consumers led to a contraction in the European market, Vestel's main export market.

According to GfK data, following a 4% growth in 2021, the European major household appliances market, which covers 25 EU countries (EU25), contracted by around 8% in 2022 due to high inflation, rising cost of living and negative impact of geopolitical uncertainties on consumer confidence.

Vestel outperformed the overall market in Europe thanks to its ongoing new customer acquisitions and new projects, and achieved strong growth in non-European regions, particularly Central Asia-Turkic Republics, Sub-Saharan Africa, North and South America and emerging Asia, where the Company focuses as part of its market diversification strategy. Throughout the year, products with different technical specifications suitable for non-European markets were developed and introduced to new markets. New business initiatives in North America, Latin America, Sub-Saharan Africa, Russia and Asian

Vestel aims to maintain its strong and sustainable growth in non-European regions with the projects it will develop for both its own brands and its ODM customers.

countries such as China and Vietnam contributed significantly to revenue growth.

The Company attained robust growth in the European market with the Daewoo brand, which was licensed in July 2021. This momentum is expected to gain pace in 2023.

Thanks to the focus strategy and strong growth in non-European markets, Vestel increased both its international sales volume and its share in Türkiye's total major household appliances exports in 2022.

Domestic wholesale major household appliances sales, covering 6 MDA as published by TURKBESD, contracted by 8% in 1H22 due to the high base effect of the previous year (1H21: 27%), but increased by 6% in 2H22 as the base effect (2H21: -7%) disappeared and consumers brought their demand forward in a high inflation environment. Accordingly, domestic wholesale MDA shipments declined by 2% in full-year 2022.

Vestel's domestic major household appliances sales in 2022 were in line with the developments in the market.

In 2022, the share of smart and IoT-enabled products in total sales continued to increase.

With its competitive products and new technologies, Vestel continues its efforts to increase its sales in the entry and middle segments as well as in the upper segments and to create new segments for its customers.

As part of the ongoing capacity increase program, Vestel's annual production capacity in major household appliances increased from 13.6 million units to 15.6 million units in 2022 with additional capacity increases in the refrigerator, cooking appliances, dishwasher and washing machine product groups.

Trends such as reducing dependence on the Asian region in supply, procurement from nearby regions and supplier diversification, which started in the European and US markets after the pandemic, are expected to continue in 2023.

EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022

2022 was a year of major changes in cell/panel production, the main component of LCD TVs.

Vestel's growth strategy and targets for the European market in 2023 are set out below:

- Increasing sales by acquiring new customers and expanding business volume with existing customers in the ODM segment, which is expected to grow in the European market, where economic stagnation is anticipated due to high inflation,
- Getting more projects from A-brand customers due to the increasing challenges for production in Europe,
- Increasing the share of sales made under licensed brands,
- Enhancing cooperation with kitchen manufacturers, especially in Germany and Italy, in order to further strengthen its position in the built-in product channel.

As part of the strategy to increase market diversification and penetration in non-European markets, the strong sales growth recorded in non-European regions in recent years is expected to continue in 2023. In line with the growth target in Asian, African and US markets, new projects specific to these regions will be developed in 2023. Vestel aims to maintain its strong and sustainable growth in non-European markets with the projects it will develop for both its own brands (Vestel, Vestfrost, Finlux and licensed brands) and its customers.



TELEVISION MARKET

According to GfK data covering 25 European countries (EU25), the European TV market, which is the main export market for Turkish TV manufacturers, contracted by 7% in 2022 due to the strong growth experienced during the pandemic period, the uncertainties created by the ongoing Russia-Ukraine war and the decline in consumers' purchasing power.

In Türkiye, after a double-digit contraction in 2021, television sales increased by 7% in 2022 due to the low base effect and demand being brought forward in an inflationary environment.

Vestel increased its domestic wholesale TV sales in line with the market, while maintaining its unit exports in a year when the European market contracted.

2022 was a year of major changes in cell/panel production, the main component of LCD TVs. During the year, Korean cell/panel manufacturers continued to exit from LCD production, while Chinese panel manufacturers gained more market dominance. The new capacity investments of Chinese companies combined with the rapidly falling demand after the pandemic led to a sharp decline in cell/panel prices from July 2021 to October 2022. In the face of historically low panel/cell prices, panel manufacturers significantly cut their production starting from the third quarter of 2022, while panel/cell prices saw a limited recovery in October and November.

During the year, Vestel collaborated with Xperi Holding, one of the largest TV platforms in the United States.

In the first half of 2022, TV manufacturers' sales were negatively impacted by the decline in demand following the end of the pandemic, also aggravated by the fact that the World Cup took place in the second half of the year for the first time, and inventory accumulation in retail channels as a result of supply chain disruptions. In November and December, both the World Cup and the traditional year-end sales campaigns helped to clear the excess inventories, resulting in a recovery in television sales in the last quarter of the year.

In 2022, Vestel continued to develop new projects with its existing A-brand customers and began talks with a global TV brand to do business in the coming period.

Vestel met the rising market demand for large screen TVs and higher specification products by increasing its QLED and large screen TV sales.

During the year, Vestel collaborated with Xperi Holding, one of the largest TV platforms in the United States, and took an important step towards developing its Smart TV platform.

Other highlights of 2022 include:

- Philie TV, Türkiye's first and only battery-powered/rechargeable TV was launched.
- In order to differentiate from the competition, lifestyle TV with me product was launched.
- Vestel became one of the few companies to offer OLED, QLED and MiniLED technologies at the same time.
- Within the scope of Reference+, Vestel was the first ODM manufacturer in Europe to launch Google TV.
- Within the scope of sustainability, plastic-free packaging was introduced and solar control was commissioned.
- Features that will differentiate from the competition such as IMAX and HDR10+ were introduced.
- TikTok application was added to Smart TVs in cooperation with TikTok.
- In cooperation with Dazn, the Dazn application was added to Vestel Smart TVs.

In the coming period, Vestel will continue to expand its upper segment TV product range while launching new competitive entry segment product projects. Continuing to develop customized products with new concepts, sleek and stylish designs, Vestel is also working on new operating systems to meet different market and customer demands.

DIGITAL DISPLAY SOLUTIONS

While there was a strong increase in digital display demand in the first nine months of 2022, as needs postponed during the pandemic started to be met, the ongoing Russia-Ukraine war, rising energy prices and recession expectations led to a slowdown in the European market in the last quarter of the year. Affected positively by the growth in export markets, Vestel's digital display sales revenues grew by double digits in USD terms in 2022.

The new motherboard platform developed for the digital information screen product group was commissioned in the third quarter of 2022, and the Company started to work with the leading CMS (Content Management Software) companies in the sector, increasing the number of partner companies to more than 20 by the end of 2022. New collaborations are expected to increase the business volume in export markets in the coming period.

In 2022, LED VideoWall was sold abroad for the first time. Vestel's ability to competitively design and produce LED VideoWall technology, which offers a solution to the transportation problems of large screens with its add-on structure, provides a significant competitive advantage, while international sales and market share in this product group are expected to increase in the coming years with the expansion of the product range. Also in 2022, in parallel with the growth strategy in the Indian market,

EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022



a new business development team was established in India and Vestel branded digital display products were sold to this country for the first time. With the addition of India, the number of countries to which exports are made in this product group increased to 108. Although India was recently added to Vestel's export destinations, it ranked fifth among export markets in 2022. Vestel aims to participate in important fairs in this region and to establish new collaborations that will support its growth in India and South East Asia in 2023.

In 2022, a distributorship agreement was signed with a leading distributor company in Europe for the sale of digital display products in the UK, Germany, Spain and Hungary markets. This agreement is planned to be extended to Italy, Benelux and Scandinavian countries in 2023. In addition, the scope of the

existing agreement with the distributor in Germany was expanded and the sales support provided for Vestel products was increased.

In 2022, in order to increase sales in the Middle East region, a distributorship agreement was signed with one of the major distributors in the United Arab Emirates and the first products were shipped. In addition, product sales to Saudi Arabia resumed during the year. Growth in the Gulf region is expected to continue in 2023.

In the Scandinavian countries, agreements were signed with two new regional distributors, bringing the number of distributors to four. Vestel plans to participate in the SETT fair in Sweden in April to introduce its education solutions to the Scandinavia region.

In North America, Vestel's largest market in this product group, negotiations have started with new customers. In this context, the first product shipments are planned to be made in 2023. The Company also plans to start working with a new global distributor in the USA in 2023.

In 2022, Vestel won the "Best Large Stand" Award at ISE (Integrated Systems Europe), Europe's largest Digital Displays Exhibition. In addition, it received the Best Supplier of EMEA Award from ADI Global.

The automotive sector is moving towards a brand new ecosystem, today's vehicles are transforming into high-tech devices on wheels.

AUTOMOTIVE ELECTRONICS

The automotive industry is undergoing radical change. This transformation in the industry can be categorized under 4 headings ("CASE"): Connected, Autonomous, Shared, Electric Vehicles. These trends are transforming today's vehicles into high-tech devices on wheels.

Product groups and technologies such as electronics, software, batteries, charging equipment, digital display screens, cameras and sensors, which will constitute a significant portion of the cost of electric vehicles in the coming period, will be critical for the development of the automotive industry in terms of sustainable competitiveness. The automotive sector is moving towards a brand new ecosystem. Vehicles with internal combustion engines are gradually transforming into smart devices, with electronics and software-based components replacing mechanical components. While electronic components in current internal combustion engine vehicles account for around 10% of the total vehicle cost, this figure rises to over 50% in electric vehicles. By 2030, it is expected to exceed 60%. While a significant portion of the electronic components will be made up of batteries and power electronics due to the transition from internal combustion engines to electric vehicles, another significant portion will comprise domain control units (DCU), information/entertainment (IVI - In-Vehicle Infotainment) and digital driver information displays (Instrument Cluster). This market, which has a size of USD 45 billion as of 2022, is expected to reach USD 65 billion with the increase in the number of in-vehicle displays, larger screen sizes and more technological electronic control units.

In-vehicle driver, infotainment and control display system technologies are the focus of original equipment manufacturers (OEMs). As technology advances, these systems have now incorporated capabilities such as satellite systems, wireless communication systems and in-vehicle communication protocol applications and have entered an era of digitalization. Vehicles are moving from mechanical dashboards to digital displays, from conventional radio to large screen infotainment systems. In this sense, IVI displays are being developed in different sizes and offer many conveniences to the driver and passengers. Although IVI technologies are becoming widespread globally and new products are emerging, dependence on imports prevails in the domestic market.

In this context, an important window of opportunity has emerged for Vestel, which has many years of expertise and experience in the field of consumer electronics in Türkiye, especially in displays, in order to reduce import dependency, to create local know-how and to ensure the added value remains in Türkiye.

Vestel continues to enrich its automotive technologies with both IVI and end-to-end vehicle cockpit display solutions and display control cards. The Company offers display solutions in different sizes, ranging from small 8-inch displays to large 29-inch displays to automotive manufacturers.



EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022

The cards and modules produced by the Company are used by leading automotive companies operating in the Turkish, European and US markets.



Vestel continues to steer OEMs as a direct supplier with the new technologies (multi-core ARM processors, Android and QNX operating systems, GMSL2 and Gigabit Multimedia Serial Link communication protocols, etc.) it offers in these projects. The Company broke new ground in the sector with its 12.3-inch + 29-inch large screen cockpit technologies designed for Togg, Türkiye's first domestic electric vehicle manufacturer. Vestel's adventure, which started with Togg's screen design processes in 2020, will continue with the transition to mass production in 2023.

Vestel has also reached the nomination stage with the major OEM manufacturers of the global automotive market with the display designs developed during this process.

In the field of automotive electronics, in addition to infotainment systems and digital instrument clusters, the Company continues its activities and efforts in the development and production of products such as motherboards (domain control cards), body control units (BCU), in-vehicle wireless charging units (WCU), (BCUs, and telematics control units (TCU) for the automotive industry.

Vestel continues its efforts to develop products that comply with automotive standards such as functional security, cyber security, automotive safety integrity levels (ASIL), ISO and IATF, and to adapt its processes to the standards and requirements of the automotive industry such as AUTOSAR, ASpice, ALM and PLM.

Vestel has one of the largest and most technologically advanced PCBA (printed circuit board assembly) production and module assembly facilities in Europe, providing high quality services to the leading OEMs of the automotive industry and their Tier-1 suppliers.

The cards and modules produced by the Company are used by leading automotive companies operating in the Turkish, European and US markets.

In 2022, Vestel demonstrated its determination in this sector by participating in the IFA fair and the IZB fair, where the world's leading automotive manufacturers exhibited, with its new display technologies, head-up displays and automotive connectivity system technologies.

Vestel will continue to work with European automotive manufacturers within the framework of its strategic plans for 2023.

ELECTRIC VEHICLE CHARGING SOLUTIONS

Vestel continuously improves its product portfolio by closely following industry and market trends in electric vehicle charging solutions.

In addition to the EVC04 single socket and EVC05 dual socket AC chargers with power ranging from 7.4 kW to 22 kW, the Company continues to develop new models and aims to launch two new generation AC chargers in 2023, one for home and one for professional applications. In addition, the development processes of the new generation of the existing EVC04 AC charger have started and it is planned to be put on sale in 2023.

Vestel is completing the necessary developments in both home and commercial type chargers in order to comply with the regulations of the relevant countries for electric vehicle charging stations in foreign markets.

Vestel continuously improves its product portfolio by closely following industry and market trends in electric vehicle charging solutions.



To this end;

- The adaptation processes for the “smart charging” and “cybersecurity” requirements, which have become mandatory in the UK, were completed.
- Integration into Linky electricity meters used in homes in France was completed and sales of the “Linky” certified EVC04 AC charger started. Vestel’s AC type charger was the first charger in the world to receive “Linky” certification.
- The certification process of the “Eichrecht” meter and measurement application, which is mandatory for use in public areas in Germany, is about to be completed. In addition to its existing sales in Germany, Vestel will soon start selling products with these features.
- The “UL” certification process required for the US market was completed and sales of the EVC04 AC charger are expected to start in the US in the second quarter of 2023.
- “Drive Green”, a mobile application

developed by Vestel for AC type charging stations to facilitate the use of end-users and enable them to monitor charging processes, was launched in Apple and Android app stores.

Vestel’s electric vehicle chargers are compatible with electricity grid load management systems, which have become even more important as electric vehicles become more widespread and the number of charging stations increases, and include OCPP-based remote management and other smart management technologies. As part of Vestel’s sustainability mission, AC charging stations are integrated with PV (Solar Panel) systems to enable electric vehicles to be charged with 100% renewable energy without carbon emissions.

Due to capacity constraints in urban electricity distribution networks, Vestel’s 60 kW DC charging station stands out in meeting urban fast charging needs, while fast charging needs on intercity roads are met by fast charging stations with power outputs between 120 kW-180 kW. With the development of vehicle charging technologies, the need for faster charging stations is increasing. In order to meet this need, Vestel continues the product development processes of fast charging stations with 240 kW and 320 kW power outputs, and has started work to commission the 640 kW ultra-fast DC charging station in 2024.

EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022



BATTERY SOLUTIONS

Pandemic conditions and the focus on sustainability continued to have a positive impact on the electric bicycle market in 2022. The rapid growth seen in electric bicycle sales during the pandemic is expected to continue in the coming period, albeit at a slightly slower pace.

Vestel continues its project-based and long-term business development activities in the field of electric bicycle batteries, one of its new business lines. In these projects, which the Company handles in a tailor-made manner, Vestel cooperates with the bicycle manufacturers from the very beginning and offers battery solutions that will provide the best experience to end users, with quality standards that exceed market expectations and the latest technological features developed by Vestel engineers.

First Export of Electric Bicycle Batteries to Europe

Vestel started exporting Vestel branded electric bicycle batteries in 2022 and made its first overseas sale to the Netherlands in the same year.

Projects with Leading Bicycle Manufacturers

As part of its strategy to “develop design-in projects with major electric bicycle brands”, Vestel was selected by one of the world’s leading bicycle manufacturers as a battery supplier for the former’s electric bicycle projects in 2021. Following the completion of the project development process, bicycles powered by batteries manufactured by Vestel are expected to be available for

sale in Europe in early 2024. In 2022, a preliminary agreement was made with a major bicycle manufacturer in Germany. Production of battery packs within the scope of the project will start in late 2024.

Shimano, one of the world’s leading manufacturers of bicycle parts, introduced Vestel as its battery partner at its stand at the Eurobike Fair in 2022. Thus, Vestel became one of the three approved manufacturers in the world authorized to produce battery packs compatible with the Shimano system.



ENERGY STORAGE SYSTEMS

The need and demand for energy storage systems is increasing rapidly in order to speedily expand renewable energy applications, to increase energy efficiency, to store the excess energy produced and use it when necessary, and to back up the electricity received from the grid for cases of interruption. Vestel has been working in the field of energy storage for some time in order to become one of the first players in this market, which is growing rapidly due to the increase in energy prices, the sustainability goals set by countries and companies, and the additional incentives provided by governments.

In 2023, Vestel will start mass production of a battery solution designed specifically for the telecom sector, which will be used as backup energy storage in base stations.

Specific Battery Solutions for the Telecom Sector

In 2023, Vestel will start mass production of a battery solution designed specifically for the telecom sector, which will be used as backup energy storage in base stations. The Company also plans to commission home energy storage solutions that can be used in integration with solar energy systems in 2023.

Designed by Vestel engineers to meet the needs of telecom operators, the smart li-ion battery pack reaches 80 percent charge rate in just two hours thanks

to its fast charging feature. It has a smart heating system to operate at low temperatures and can work with the gel batteries already used in base stations.

In the coming period, with the start of 5G transformation, it is expected that the existing gel batteries used in base stations will be replaced with lithium-ion batteries, which are more environmentally friendly, require less maintenance, have a longer lifespan and higher energy density.

EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022



SMART LIFE SOLUTIONS

Starting with the smart home concept, Vestel is taking strong steps forward in its smart life journey and continues to be a pioneer in this field.

Vestel maintains interactive communication with end users at all times with its mobile applications Evin Akli in Türkiye and VeeZy abroad, adding value to consumers' lives with its digital services.

With the increasing sales of smart products, Vestel is growing its ecosystem and implementing new business models with its customers.

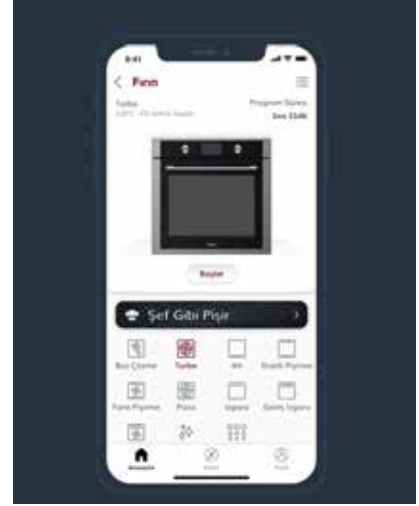
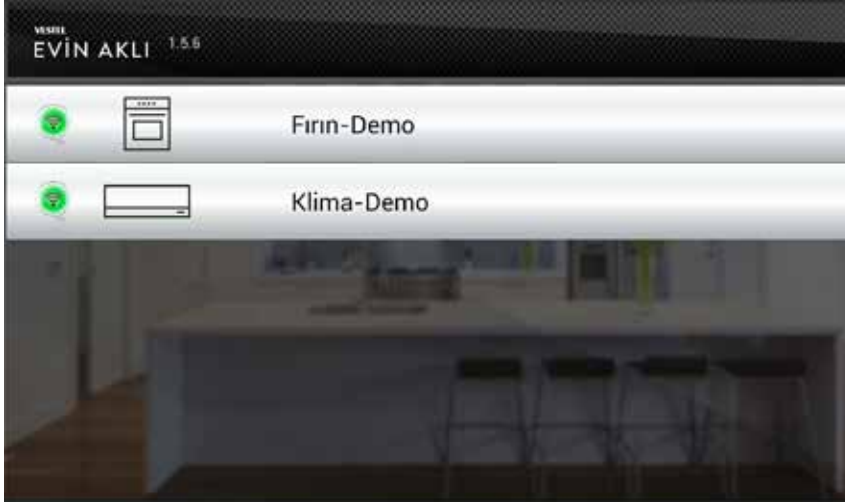
Through the Smart Life Idea Pool project, Vestel creates value by transforming its employees' ideas on smart life ecosystems into projects.

Vestel participates in the IFTTT (If This Then That) automation ecosystem, enabling end users to create scenarios with more than 700 services. In this way, self-running scenarios can be designed, such as turning on products when electricity is cheap, turning on the smart light when the washing cycle is finished, or playing your favorite song from the music app when the food in the oven is ready.

Vestel is a Board Member of the Home Connectivity Alliance (HCA), which was established a year ago and has already made a name for itself with its pioneering work. With HCA, barriers between ecosystems are removed and the vision of "any product can be controlled from any application" is adopted within the framework of the interoperability strategy. A demo showcasing interoperability was done for the first time in the sector, with the CEOs of many different companies coming together, marking an important milestone in the IoT field.

Vestel also takes part in the Connectivity Standards Alliance (CSA), which eliminates communication infrastructure barriers between different manufacturers and ecosystems, and closely follows

Starting with the smart home concept, Vestel is taking strong steps forward in its smart life journey and continues to be a pioneer in this field.



Vestel is carrying out its first collaboration with the automotive industry by integrating the Vestel IoT ecosystem with the displays in Togg's vehicles.

innovations such as CSA's Matter standard, which makes the lives of end-users easier by establishing commonalities in the software infrastructure of smart products, facilitates the processes of connecting smart products to the internet and enables different brands to interoperate.

Vestel ensures that its products and digital services can communicate with different product groups and industries on the same infrastructure and continues its projects to effectively use IoT technologies in the field of sustainability. The Company continues its efforts to take part in energy management scenarios.

Vestel is undertaking its first collaboration with the automotive industry by integrating the Vestel IoT ecosystem, which puts the smart living concept at the center of life, with the displays in Togg's vehicles. In this way, Vestel smart products can be actively controlled from in-vehicle screens. Visitors had the opportunity to experience these technologies at the opening ceremony of Togg's production facilities on 29 October 2022.

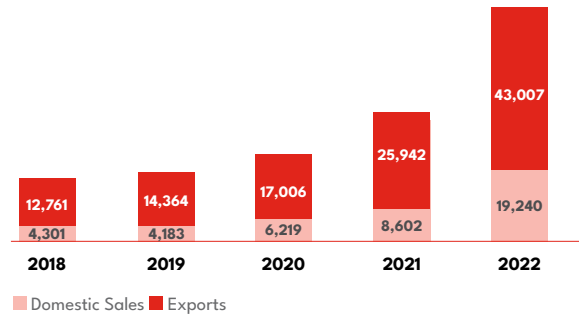


EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022

FINANCIAL PERFORMANCE

Gross Sales Revenues

(TL million)

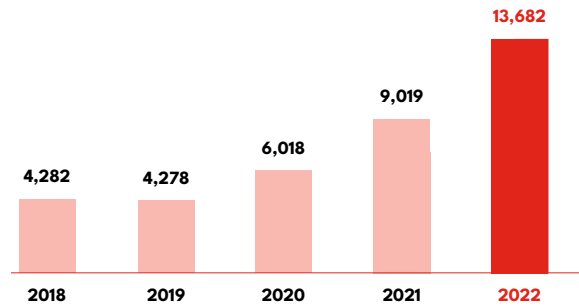


Gross sales reached TL 62.2 billion in 2022 of which TL 43 billion (69%) consisted of international sales. Of the total sales, 55% was made to European countries, 14% to other countries while 31% was realized in the domestic market.

Net sales revenues (TL 58.4 billion) grew by 80% y-o-y, while unit sales increased by 5%.

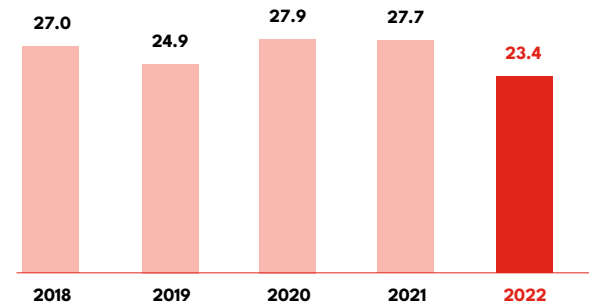
Gross Profit

(TL million)



Gross Profit Margin

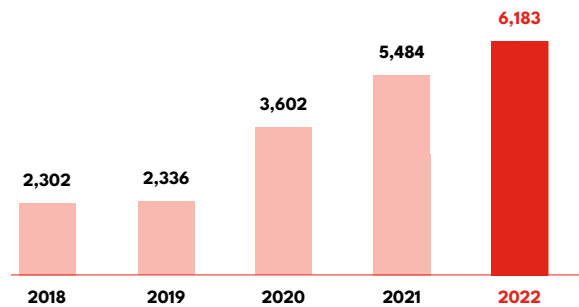
(%)



During the year, gross profit margin declined to 23.4% due to higher raw material costs, especially in the household appliances segment, as well as higher labor, logistics and energy costs.

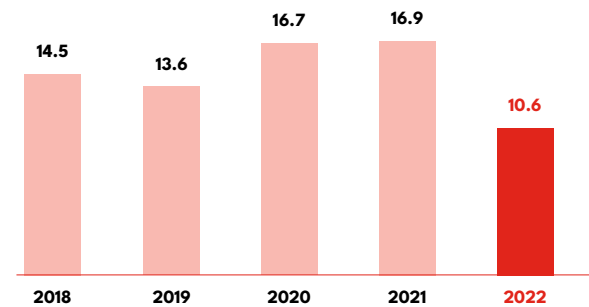
EBITDA*

(TL million)



EBITDA Margin*

(%)

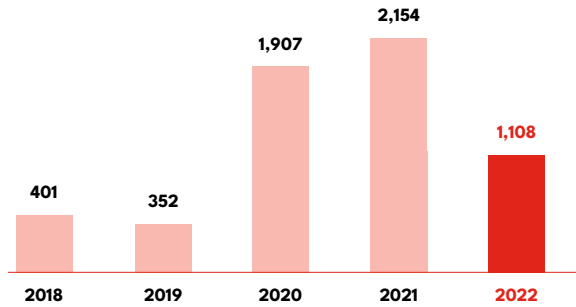


EBITDA increased by 13% to TL 6.2 billion, with an EBITDA margin of 10.6%.

*Excludes other revenues and expenses from operations.

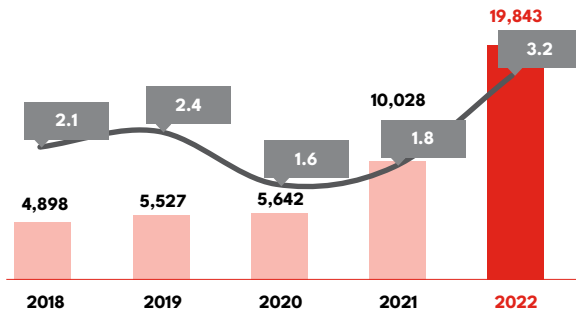
*Excludes other revenues and expenses from operations.

Net Profit (TL million)



Net profit materialized as TL 1.1 billion, with a net profit margin of 1.9%.

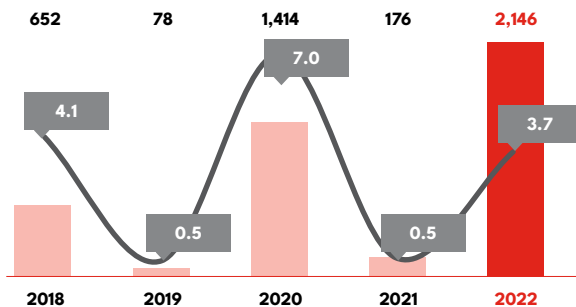
Net Debt and Net Debt-to-EBITDA* (TL million)



*Excludes other revenues and expenses from operations.

Net Debt-to-EBITDA ratio stood at 3.2x in 2022.

Net Working Capital / Net Working Capital-to-Sales (TL million) / (%)



Vestel has managed to keep its net working capital-to-net sales ratio at single-digit levels over the years. By the end of 2022, this ratio was around 3.7%.

KEY POINTS

1. Export-Driven Growth

International sales account for 70-75% of total sales revenues. While the majority of sales is directed to Western Europe, the Company continues to grow in the Middle East, Africa, Asia and America markets, especially in major household appliances.

2. Hedging

High share of FX denominated revenues and an active hedging strategy encompassing balance sheet, cash flow and strategic hedging protect the Company against fluctuations in foreign exchange rates.

3. Sustainable Investment for Capacity Increase

In order to meet the planned growth in the coming years, the Company aims to increase production capacity through new investments and to develop products that are compliant with regulations applicable in target markets and meet consumer demands in the best possible way.

4. Solar Panel Installation on Plant Rooftops

Vestel generated 175 MWh of electricity in 2022 with the 142 kWp solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine plants. In the coming period, the Company plans to install 8,130 kWp solar panels on the roofs of the tumble dryer factory and additional buildings, with the aim of generating 11,860 MWh of electricity per year.

EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022

FINANCIAL PERFORMANCE

Working Capital and Cash Management

Working capital management is of great importance for a company to keep the required financing to a minimum while expanding its business volume. In capital management, Vestel strives to ensure the continuity of operations as well as boost profitability by leveraging the balance between liabilities and equity in the most efficient way.

In 2022, the geopolitical and economic developments in the European region, which is Türkiye's and Vestel's main export market, due to the Russia-Ukraine war, affected working capital management in various ways. Economic stagnation in the European region as a result of interest rate hikes led to a drop in demand. Due to the decrease in demand, inventory management and inventory optimization projects were the most prominent managerial issues in 2022. In line with the targets set, inventory levels improved at year-end compared to the high levels seen throughout the year, while average collection and payment periods decreased compared to the previous year. As a result of these developments, the net working capital-to-net sales ratio, which was at a very low level of 1% in 2021, increased to 3.7% by the end of 2022.

While working capital is financed at affordable costs through diversified financial instruments, proactive solutions are generated through continuous monitoring and reporting of the sub-items that constitute the working capital requirement. Vestel aims to keep its working capital needs at an optimal level with solutions that will benefit all stakeholders in the supply chain in terms of financial management. In this context,

by creating alternatives in supplier financing and receivables discounting, Vestel contributes to sustainable financing by providing new sources of financing for the Company and access to affordable financing for suppliers.

Commercial Finance Practices

Aiming to protect the cash flow of its suppliers, Vestel implements supplier financing programs that provide companies with flexible financial methods and immediate cash flow through various banks.

Besides, the Company aims to increase the diversity of corporate finance solutions used in the financing of international and domestic trade receivables, and working capital management is facilitated with technological solutions. Accordingly, system and process developments and regular meetings with banks are carried out. The Company aims to offer protection against volatility for all stakeholders in the supply chain by organizing meetings with stakeholders and business partners on supplier financing systems. Vestel has managed to keep its net working capital-to-net sales ratio at single-digit levels over the years. As of the end of 2022, this ratio was around 3.7%.

The new financing agreements planned to be concluded in 2023 aim to reduce the costs of working capital financing.

FINANCIAL RISK MANAGEMENT

a. Foreign Currency Risk

The main principle in managing the exchange rate risk arising from the transactions conducted in foreign currencies is to maintain the level of the foreign exchange position in a way that is least affected by the fluctuations in the exchange rate at the net profit level. Exchange rate risk is minimized with forward foreign exchange transactions. In addition to derivative transactions, balance sheet positions are constantly evaluated and actions are taken for natural hedging.

Market conditions are constantly monitored, and cost planning is updated by adopting a proactive management approach according to market expectations, and necessary actions are taken for external financing risks.

b. Interest Rate Risk

Interest rate risk arises due to borrowing at variable and fixed interest rates. This risk is managed by balancing the amounts and maturities of interest rate-sensitive assets and liabilities, using on-balance sheet methods or by using derivative instruments.

In this framework, the main objective is to monitor the potential impact of interest rate risk in advance and keep borrowing costs at low levels.



c. Liquidity Risk

Realized and planned cash flows are regularly monitored, and potential liquidity risks are identified in advance to develop solutions.

The cash position is maintained by ensuring the maturity match of financial assets and liabilities.

d. Credit Risk

The Company has well-established relations with many domestic and foreign banks for many years, which provides an advantage in borrowing costs.

In order to diversify the counterparty risk, the Company obtains financing from international institutions and also increases access to financing through the active use of capital markets. As of year-end 2022, the total amount of the Company's issued debt instruments was TL 1.1 billion. Financing negotiations are ongoing with foreign financial institutions to raise financing for the continuing EUR 160 million capacity expansion investment in major household appliances.

In addition, efforts are made to extend the Company's short-term loans to long term.

Vestel Elektronik Stock

Dividend Distribution

Vestel Elektronik has adopted the Dividend Distribution Policy of distributing at least 25% of its distributable profit in cash and/or as bonus shares.

At the 2021 Annual General Meeting, the Company decided not to distribute the distributable profit for the year 2021 and to transfer it to extraordinary reserves after setting aside the general legal reserves in order to strengthen the financial structure and not to create new financing needs, taking into account the current economic conjuncture, the Company's long-term strategies, cash flow, financing and investment policies and the long-term interests of the Company and its employees.

Vestel Elektronik Stock

The shares of Vestel Elektronik Sanayi ve Ticaret AŞ have been traded on the Borsa Istanbul ("BIST") under the ticker "VESTL" since 1990. Vestel Global Depository Certificates, which have been traded on the London Stock Exchange since 2000,

started to be traded on the London Over the Counter Market (OTC market) from January 3, 2011. The shares of Vestel Elektronik's subsidiary, Vestel Beyaz Eşya Sanayi ve Ticaret AŞ ("Vestel Beyaz Eşya") have also been trading on the BIST under the VESBE ticker since 2006.

As of the end of 2022, Vestel Elektronik, which is traded on the Stars Market, was included in the BIST 30, BIST 50, BIST 100, BIST All, BIST Star, BIST Corporate Governance, BIST Metal Goods, Machinery, BIST Industry BIST Sustainability and BIST Sustainability 25 indices.

Since 2015, the Company has been listed in the Borsa Istanbul (BIST) Sustainability Index which consists of the shares of companies traded on Borsa İstanbul with a high corporate sustainability performance.

As of December 30, 2022, Vestel Elektronik's market capitalization is TL 23,901 million.

Summary Price Information for 2022

Number of Shares	33,545,627,500
Number of Publicly Traded Shares*	13,101,235,726
Highest Price Throughout the Year (TL)	74.00
Lowest Price Throughout the Year (TL)	20.80
Year End Price (TL)	71.25
Market Capitalization* (TL billion)	23.9

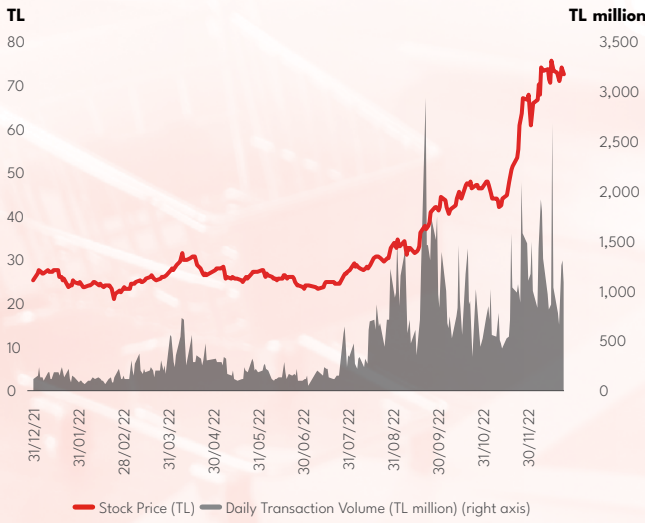
*As of December 30, 2022

EVALUATION OF PRODUCT GROUPS FOR THE YEAR 2022

FINANCIAL PERFORMANCE

Vestel Elektronik - Share Performance and Trading Volume

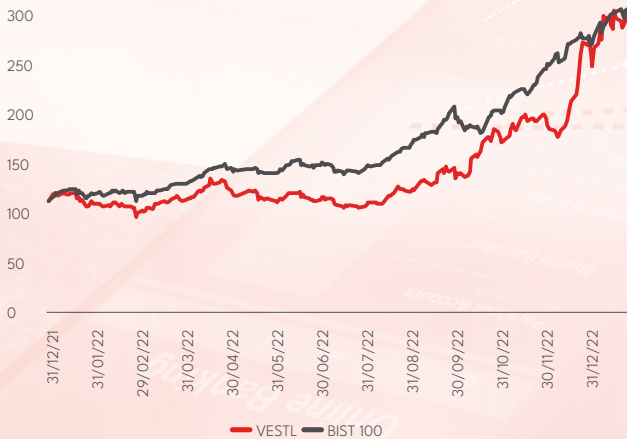
Vestel Elektronik - Share Performance and Trading Volume



In 2022, Vestel Elektronik's stock price increased by 185%, while the BIST 100 Index rose by 197%.

The average daily trading volume in the stock increased threefold compared to 2021.

Vestel Elektronik - Relative Performance





Tax Practice

Vestel complies with the local and/or international tax and other financial regulations in force in the countries in which it operates. To this end, Vestel adheres to the arm's length principle in determining the price to be applied in the purchase and sale of goods and services between related parties within the Vestel Group of Companies and submits transfer pricing reports, which serve as evidence of this adherence, to the tax authorities in the countries in which it operates.

In the course of its operations, Vestel avoids shifting the transfer price of goods and services delivered within the scope of its activities to low-tax countries/regions for purposes such as profit transfer and tax planning. In this context, Vestel does not consider tax havens in its commercial and investment decisions.

On the other hand, a very important part of the income generated by the Company consists of active income, and practices contrary to economic, commercial and technical requirements in terms of taxation are avoided in the execution of activities.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION



Vestel aims to spread the culture of transformation brought about by technology and digitalization throughout the entire company, starting with its employees.

Companies' ability to adapt to change has become one of the most important competitive factors in the business world, which has been transformed in the axis of various global trends such as the climate crisis, talent gap and evolving consumer behaviors. Vestel attaches importance to effectively managing risks and opportunities by acting proactively beyond adapting to this change. One of the areas Vestel focuses on in line with its strategic approach is to transform its corporate culture in a human-oriented way by leveraging the power of technology and digitalization. To this end, it engages in efforts involving all stakeholders within its value chain.

Aiming to spread the culture of transformation brought about by technology and digitalization throughout the entire company, starting with employees, Vestel adopts diversity, inclusiveness and social benefit as its fundamental principles not only in its own organization but throughout its value chain, and integrates technological innovations that add value to human life into its processes. Vestel increases its share in the global market and strengthens its competitiveness with the impact of its transformation culture.

**Savings
in 2022**

TL 288 million

As a result of innovation studies in processes, the Company achieved a savings of TL 288 million.



PRODUCTION AND INNOVATION POWER



In 2022, the ratio of R&D spending to sales revenues stood at 1.8%.

Vestel aims to transform its operations and human resources in parallel with technological developments. To this end, the Company increases its production capacity in a smart and responsible manner through the power of R&D and innovation. Vestel closely monitors changing consumer behavior and develops innovative production processes that respond to their needs while reducing its environmental impact. It adapts today's technologies such as artificial intelligence (AI), the Internet of Things (IoT) and autonomous systems to its production facilities.

Vestel has been conducting R&D activities with successful partnerships for 35 years. The R&D team of approximately 1,800 people is continuously supported with the trainings they need to adapt to the requirements of the age and to improve their competencies. In 2022, the ratio of R&D expenditures made by the Company to sales revenues stood at 1.8%. More than half of TV product turnover comes from new products and significantly-changed products.

INDUSTRY 4.0

While production methods are changing day by day due to developing technologies, Industry 4.0 transformation is among the most important issues to gain competitiveness and advantage in local and global markets and to ensure profitability and continuity in the sector. Thanks to R&D studies and investments and the intellectual capital on which they are based, Vestel implements Industry 4.0 practices and aims to contribute to the transformation of the consumer electronics and major household appliances sectors in Türkiye.

Working with the goal of leading the industry in Industry 4.0 and digitalization practices, Vestel's digital transformation teams work on artificial intelligence software for horizontal-vertical value chain integration, Internet of Things (IoT) technologies, smart automation, Automated Guided Vehicle (AGV) and Autonomous Mobile Robots (AMR) applications. Vestel also focuses on Total Productive Maintenance (TPM) efforts to achieve operational excellence in production.

At the Excellence Awards presented by the Japan Institute of Plant Maintenance (JIPM) every year to the companies implementing Total Productive Maintenance (TPM) studies in the best way across the world, Vestel Elektronik was deemed worthy of the "Award for TPM Excellence" in 2012 and the "Award for Excellence in Consistent TPM Commitment" in 2014 thanks to the activities launched in 2010. Besides, the Company became the first TV manufacturer rewarded with the "Special Award for TPM Achievement" in television production by successfully undergoing assessments regarding the Special Award for TPM category. Continuing to work with this title without losing speed, Vestel Elektronik was awarded the "Advanced Special Award for TPM Achievement" in 2018, and as a result of this process, Vestel Elektronik also received the TPM WCM (World Class Manufacturing) Award, the highest level of the TPM Program, in 2020.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

Vestel Elektronik, the first and only company in the world to receive this prestigious award in the consumer electronics sector for its work carried out simultaneously in six different factories, is also one of only 13 brands worldwide to receive this distinction in the 55-year history of the organization. After winning the TPM Excellence Award in 2014 and the TPM Continuity Award in 2017, Vestel Beyaz Eşya became the first and only company to receive the TPM Special Award in 2019 for seven different product families (refrigerators, washing machines, tumble dryers, dishwashers, cooking appliances, air conditioners, water heaters) in seven different factories.

Vestel Elektronik, the first and only company in the world to receive the TPM WCM (World Class Manufacturing) Award in the consumer electronics sector for its work carried out simultaneously in six different factories.

	2019	2020	2021	2022
Number of employees in R&D departments	1,427	1,559	1,575	1,799
Total R&D expenditure (TL thousand)	311,731	382,398	538,898	1,040,405
Ratio of R&D expenditure to turnover	1.8%	1.8%	1.7%	1.8%



INDUSTRY 4.0 ACTIVITIES IN ELECTRONICS FACTORIES

With its vision of continuous improvement and digitalization, Vestel continues its digital transformation efforts at full speed in order to make Vestel City the first production facility in Türkiye to complete the Industry 4.0 transformation. With the investments made, major progress has been achieved since 2015.



Vestel Electronics Production System (VEPS)

Vestel Elektronik aims for excellence in operational processes through lean production principles. Continuing its efforts with the goal of producing the highest quality products in the safest and most efficient factories with a continuous improvement perspective, Vestel Elektronik pioneers Industry 4.0 and digital transformation practices and implements innovative applications with the aim of being the first company to complete this transformation. Digital transformation teams, formed by expert engineers within the Company, work with the goal of implementing digital transformation in all processes from suppliers to customers. As a company that plays a pioneering role in these processes, Vestel implemented the Sustainable Production System, which it calls VEPS, by integrating digital transformation and lean production structures with the goal of operational excellence. By creating the “VEPS maturity level” metric and identifying the current status of all factories and creating future road maps for each factory, Vestel implements numerous projects to perfect its production operations within the scope of VEPS.

The VEPS vision is to become the most competitive smart production base in the sector, producing products of the quality demanded by global markets, employing common sense and having a transparent management approach, with competent employees and innovative production technologies developed in safe working environments created by Vestel in line with its human-oriented and sustainability principles.

Manufacturing Execution System (MES)

MES is a production management system that enables instant monitoring of the entire production process in the digital environment, starting from the production planning stage. Vestel is the first company in Türkiye to commission the ME (Manufacturing Execution) module integration under SAP’s MES structure. Vestel Elektronik has significantly improved its decision-making processes thanks to the Production Management module, which includes a total of 91 machines in its two factories.

In addition to production monitoring, Vestel Elektronik developed the Model Change Parameter Management System, which uses Big Data and Analytics methods, and started to record the parameters and variables at every stage of production in a database. With MES, Vestel Elektronik increases its efficiency day by day by developing an accurate, fast, error-free, lossless and lean production system that reduces human intervention through optimization, automatic installation and error prediction.

Manufacturing Operations Management (MOM)

MOM is a production management system that offers real-time monitoring and tracking of production data by connecting machines in factories to each other with its Machine to Machine Connectivity (M2M) feature. Vestel Elektronik launched the smart factory transformation with the MOM system integration, enabling data to be actively obtained from a total of 750 machines in its five factories.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

MOM allows for collecting a lot of data with the aim of performing performance analysis, quality, material and order tracking on production lines. An important step was taken in the digitalization journey with the analysis of the collected data and web-based instant tracking and reporting. In addition to a systematic production management system that reduces costs and increases product quality and efficiency, forecasting and recommendation applications are being developed by adding machine learning and artificial intelligence algorithms to the MOM system.

Traceability Systems

Vestel Elektronik uses Traceability Systems to monitor the entire process from the design to production of its products in every detail and to maximize customer satisfaction. Under the traceability system, a separate code is created for each part produced, and these codes are used during assembly to ensure that the right parts are used correctly and at the right time.

In addition to increasing product quality thanks to the traceability system, the Company significantly reduced production-related errors, repetitive work and the number of scraps, thereby reducing costs and waste.

Vestel Elektronik uses Traceability Systems to monitor the entire process from the design to production of its products in every detail and to maximize customer satisfaction.

Game Plan Project

Vestel Elektronik serves 900 customers with a product range that can reach up to 850 different models of televisions per month, and with a high production capacity. The Game Plan Project was developed in order to manage the complexity created by this diversity in the television product family in the most efficient way.

Developed by Vestel and running over a mathematical model, this program ensures that the tasks that must be fulfilled in the television production process are assigned to the employees in a balanced and efficient manner. Within this dynamic work structure, employees can follow the tasks assigned to them with the Game Plan on the screens in front of them together with respective visuals. This facilitates the integration of lean production and digitalization practices into production lines and increases flexible production capacity in TV product groups.

Smart Maintenance

Smart maintenance encompasses practices that enable maintenance activities to be carried out correctly and adequately without disrupting the production line. As part of these practices, many data obtained from the machines used in production processes, including operating values, production details of the machine, maintenance information and operating conditions, are evaluated with machine learning and data analysis methods.

Through Vestel Smart Maintenance practices, the Company aims reduce the costs of maintenance operations, digitalize planned maintenance processes, and carry out predictive maintenance practices with the help of artificial intelligence, ensuring that its machinery operates at high efficiency in all its factories.

VEPS Academy

VEPS Academy is a training program in which blue-collar employees are primarily involved, with the aim of increasing efficiency in production lines and minimizing losses. Vestel supports the development of employees, who directly contribute to the digital transformation vision in the production areas, by organizing planned trainings in three main categories: basic, professional and personal training.

VEPS HSE (Health - Safety - Environment)

Vestel implements VEPS HSE (Health - Safety - Environment) practices in order to maximize employee health and safety and to minimize environmental impacts regarding production activities in its factories. Via these practices, through which the Company aims to go beyond legal obligations, Vestel raises awareness of employees by organizing trainings and conferences in order to achieve zero occupational diseases, zero accidents and zero environmental pollution conditions. Employees are also encouraged to proactively recognize risks in production sites and provide feedback.

Technology and Automation Transformation

Digital Transformation relies upon the principle of incorporating every single process in the value chain into automation systems. Transformation of all these systems into an integrated structure based on intelligent and self-managed machine-to-machine interactions through real-time communication is defined as the Smart Factory. Vestel Elektronik's Industry 4.0 practices continue to evolve with the physical presence of smart factories and robots in addition to digital components.

Vestel Elektronik works under the Automation Group to introduce projects and practices related to automation systems. The Company aims to develop automation system designs, software and projects as well as digital transformation and advanced automation, quality and human-oriented production technologies

at Vestel factories. The Automation Group team consists of 25 engineers specialized in system design and software and 25 technicians specialized in manufacturing, installation and service. 2D/3D design, 3D simulation/analytics, online/offline robot and PLC programming and online service support are the fields of activity of the Automation Group. With the help of the automation systems it has launched, Vestel Elektronik reduces its costs and stocks by developing error-free, high-quality and efficient production methods with sensitive and challenging tolerance values, and creates ergonomic working environments for its employees.

As part of the Automation Group's activities, a total of 45 automation systems were installed in 2022, including 20 industrial robots, 3 Cartesian robots specially designed for production operations, 18 machines and 4 image processing control systems.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

INDUSTRY 4.0 ACTIVITIES IN MAJOR HOUSEHOLD APPLIANCES FACTORIES

In line with all the principles of Industry 4.0, Vestel Beyaz Eşya carries out its own mechanical designs, process analyses, part manufacturing, Programmable Logic Controller (PLC) studies and simulation studies to ensure that all processes of its factories can be monitored. It also performs simulation analysis through robot software.

This enables Vestel to manage projects with agility and at low cost. In addition to product development, Vestel Beyaz Eşya has also invested in production technology. It has become a company that can design and manufacture its own production lines and machines and can apply for patents for the machines it designs. Vestel Beyaz Eşya has established special automation systems with its experienced and competent employees and has reached a level where it can provide all software-electrical-mechanical training.



Autonomous systems: Thanks to the production and mechanical lines and paintshops established with Industry 4.0 infrastructure, production activities are carried out using the latest technologies. The Company has placed autonomous robots at various points of the production lines. In 2022 as well, Vestel Beyaz Eşya maintained its leading position in the major household appliances sector and across all sectors in terms of installing and commissioning robotic cells, and manufactures with flawless production techniques by boosting the robot-machine-human interaction day by day.

It carries out in-plant transportation operations through software with unmanned and remote control capability. The Company has switched from the line, metal or magnetic tracking methods used on the ground to systems that can be managed entirely with mobile

and special navigation systems. It can control all automated guided vehicles in seven different factories at the same time through a single traffic software. This development is a first in Türkiye in terms of quantity and functionality for the major household appliances sector and other sectors. With the use of automated guided vehicles, on-site transportation costs and the need for forklifts are reduced while production efficiency is boosted by zeroing damages arising from transporting products and components.

The Company has also started working on matching automated guided transport vehicles with production programs through remotely-controlled software. In this way, it aims to render the production planning process autonomous.





Next generation batteries: In order to protect human health and safety, non-flammable, lightweight and high-capacity lithium iron phosphate batteries are used in electric vehicles used for in-plant transportation, and in-plant transportation operations are carried out faster, safer and without room for human error. Vestel aims to perform the entire production with unmanned vehicles, unlike modular and standard production lines.

Automated warehouses: The number of automated warehouses is increasing thanks to unmanned vehicles and industrial robots Vestel has commissioned. Owing to the automated warehouses, the Company reduces stock and transportation costs, controls consumption online and minimizes potential human errors in the production flow.

By working on virtual reality and augmented reality, Vestel aims to train operators quickly and easily and increase production quality.

Virtual and augmented reality: By working on virtual reality and augmented reality, Vestel aims to train operators quickly and easily and increase production quality. Prior to all investment decisions (robot-machine-equipment-automated warehouse, etc.), the Company ensures that the targets are attainable financially and technically with the help of virtual reality programs and special simulations. In addition, by systematically recording the use information of all machinery used in production, Vestel aims to eliminate personal errors by transferring the right information to all new employees with augmented and/or virtual reality, and to increase quality with the right training in one go. Thus, a new employee will be able to become fully equipped in a short period of time via a simple software using glasses, tablet or mobile device.

3D printing: Vestel engages in pilot production for preparing molds for robot arm holders and machine parts with the help of 3D printers. Thus, it finalizes all testing, commissioning and potential production interruptions due to malfunctions/errors in a short period of time, and precisely runs mold-machine investments in one go.

Machine-to-machine communication:

We strive to manage all machinery in the factories with regard to online monitoring of the data in the machinery, tracking them with special screens and mobile devices in the cloud environment, and systems to be guided by artificial intelligence. Vestel Beyaz Eşya aims to complete its horizontal-vertical integration in the next few years by establishing an infrastructure where machines communicate with other machines and robots talk to each other, and then by combining its entire internal ecosystem with the supply industry. Company goals include the digitalization of quality systems, online monitoring of defects, production test results and material consumption, and obtaining all production reports with an accuracy of 99.9%.

Automatic labeling: Vestel has switched to more flexible and planned production with automatic labeling projects communicating with the data network, especially online. It started robotizing and automating all testing stations in order to prevent human error and to produce flawless products. By automating the packaging of products, the Company has also increased the safety of products throughout the process from production to the end user. All assembly operations are carried out at the right torques and with high precision through the visual control-based special software.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

R&D STUDIES

Vestel continues to be inspired by its nearly 40 years of experience in the consumer electronics industry, with the aim of spreading technology and human-oriented transformation throughout the Company. In order to develop its production and R&D strategy under the guidance of global trends, Vestel combines innovative perspectives in different sub-sectors and fields with its existing experience.

The General Directorate of Strategic Research and Productivity of the Ministry of Industry and Technology of the Republic of Türkiye organizes the “Efficiency Project Awards” every year in order to raise efficiency awareness throughout the country, to increase the exchange of knowledge and experience among institutions and organizations, to announce the projects carried out on efficiency to the public, to promote the benefits of implemented projects and to encourage new projects to be carried out to boost efficiency. Vestel Elektronik received the second prize at the 2022 Project Awards with its Paintshop Line Transformation and Game Plan Line Balancing and Man Hour Optimization projects.

In 2022, Vestel's Electric Vehicle Charging Station Design project was accepted to the “Technology-Oriented Industrial Leap” incentive program, which was implemented by the Ministry of Industry and Technology of the Republic of Türkiye in 2022, aiming to support the production of high value-added, medium-high and high-tech products with local capabilities and capacities.



Automotive Innovative Technologies Group

In order to strengthen its research-oriented activities in addition to the basic R&D groups at Vestel Elektronik, the Company established the Research Group consisting of researchers with doctoral degrees and working on advanced research subjects in 2016. Starting from 2020, it changed the name of the Research Group as the Innovative Technologies Group (InTech) in order to expand its field of activity and transform research results independent from production into Proof of Concept (PoC) products and the Group started working under the Deputy IoT General Manager. Since 2022, the Innovative Technologies Group has been developing projects focused on automotive technologies. One of the other fields of activity of the group is the R&D&D (Research, Develop and Design) Laboratory, a rapid prototyping and hardware acceleration laboratory established by Vestel with Manisa Celal Bayar University Technology Development Zone and supported by Zafer Development Agency. Thanks to this laboratory, the Company aims to create a prototype of any product in a very short

time like one week while significantly reducing Vestel's prototype costs. On the other hand, prototyping activities of the companies Vestel Ventures invests in can be handled quickly and economically thanks to this laboratory.

Patent Activities

In 2022, Vestel Elektronik submitted 7 EP patent applications to the European Patent Office (EPO), 9 PCT patent applications to the World Intellectual Property Organization (WIPO) and 16 TR patents to the Turkish Patent and Trademark Office (TURKPATENT) for 16 inventions fulfilling the respective criteria, filing a total of 32 patent applications. The Company was granted 46 EP patents (European Patents) registrations. Vestel Beyaz Eşya submitted 150 patent applications in 2022 and 97 of its patents (13 European Patents and 5 US Patents) were registered. Thus, the number of patents owned by Vestel Group of Companies from which commercial revenues are generated reached 81.

Vestel conducts commercial evaluation activities to identify the value of its current patent portfolio and to ensure

that its patent pool consists of valuable patents. It makes decisions by meeting with managers specialized in the technical field to which patent applications are related. For patent applications deemed valuable as a result of commercial evaluation, infringement evaluations are carried out in more detail, products in the technology of the relevant patent are investigated within the scope of this study and reports are prepared on whether the patents are infringed.

Standard Essential Patent (SEP) Activities

The Company participates in meetings organized on next generation wireless communication technologies, and continues to work on candidate studies to be integrated into the creation of IEEE802.11 WLAN under collaborations between Vestel-Istanbul Medipol University and Vestel-Koç University. In 2022, the Company started to participate in meetings in order to contribute to 3Gpp

standard studies on behalf of Vestel. An active working group of 15 people, formed in cooperation with the University, actively participates in the general meetings organized in relation to the standard, making presentations on behalf of Vestel Elektronik at these meetings and submitting patent applications. Vestel Elektronik plans to contribute to the development of next generation communication technologies for smart home technologies with its members attending on behalf of Vestel Elektronik in the meetings regarding the standards in the coming periods.

R&D Collaborations and Open Innovation at Vestel Elektronik

Under the work of its Vestel R&D units, the Company establishes strong collaborations with many national and international institutions and organizations, especially with universities. In 2022, Vestel Elektronik received academic consultancy on open innovation

from 4 universities. Within the scope of university-industry cooperation, 10 projects were launched, all of which are R&D center projects.

In 2022, multi-partner projects continued to be developed under 4 active Horizon 2020 programs. In this context, industry-industry cooperation and university-industry cooperation activities were carried out. Vestel is establishing an important cooperation network with over 70 industrial business partners, including companies such as Google, Amazon, Roku, Broadcom, Qualcomm, Netflix, Digiturk, Viaccess, Mediatek, Irdeto, Novatek and Nagra.

Vestel closely follows the processes and developments in TUSIAD, TURKBESD, TTGV, ECİD, TUYAD, TAYSAD, MATİP and TOBB sector councils by expressing its opinions on legislation and standardization works in its own fields of activity.

University-Industry Collaboration:

Vestel continues to work for supporting and encouraging research through university-industry cooperation projects. It creates added value for Türkiye as the patents obtained as a result of successful activities are integrated into the country's patent pool.

The Company supports highly-qualified Vestel R&D employees, who are the graduates of Türkiye's leading universities, to establish project-based collaborations with academics from Türkiye's most distinguished universities. In addition, joint academic publications and career days organized with universities and supporting student clubs and projects are among the important collaborations that Vestel considers as opportunities for development.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

Vestel R&D Center makes a strong contribution to the university-industry synergy through its work with universities. The knowledge generated at universities is transformed into technology by the expert teams at Vestel R&D units. This information is used in new designs through the software and hardware developed. The Company mainly covers hot topics such as cyber security, automotive electronics, Industry 4.0 and IoT as well as Radio Frequency (RF), TV and set top box designs during the workshops held on the problems encountered in the industry and priority areas.

Vestel also supports universities' Industry-Oriented Dissertation studies. It cooperates with successful Technology Transfer Offices in the Aegean Region as well as Technology Transfer Offices throughout Türkiye, and makes available academic studies and emerging technologies developed in universities to the industry in order to respond to the needs of the industry and to add value to the national development of the country.

Under project-based cooperation activities, it also established collaborations on Medical Technologies, Battery Technologies and Automotive Electronics. In 2022, Vestel actively continued to work on TÜBİTAK (Scientific and Technological Research Council of Türkiye) projects (such as 1004, 1003, 1505, 1509, 1511, 1515, 1707) that it had been working on for a long time. Vestel Elektronik, which is currently working on two projects with Özyeğin University and Koç University within the scope of TÜBİTAK's Industrial PhD Program (2244), considers this doctoral program, which combines the experience to be gained to meet the needs of the industry with qualified manpower, to be valuable for the Company. In 2022, Vestel Elektronik's two separate projects were accepted to the TÜBİTAK 1004 Center of Excellence Support Program.

Vestel Elektronik's project was accepted to the TÜBİTAK 1601 - Support Programme for Increasing the Capacity in The Fields of Innovation and Entrepreneurship and 1512 - Techno Entrepreneurship Capital Support Program Phase 1 Call for Implementing Institutions. With this call, TÜBİTAK aims to support the activities of entrepreneurs from the idea stage to the market in order to transform their technology and innovation-oriented business ideas into enterprises with high potential to create added value and qualified employment, and expects the Implementing Institutions identified as a result of the call to create and execute original, effective and applicable mechanisms to transform entrepreneurs' business ideas into qualified business plans.

In an effort to enhance the global competitiveness of the information technology, electronics, and major household appliances sectors in Türkiye, Vestel provides support to various civil society organizations at different levels.



Vestel contributes to civil society organizations at different levels to improve the global competitiveness of IT, electronics and major household appliances sectors in Türkiye.

Associations and Initiatives: Vestel contributes to civil society organizations such as DEİK (Foreign Economic Relations Board), TUBISAD (Informatics Industrialists' Association), Turkish Industry and Business Association (TUSIAD), Telecommunication Satellite and Broadcasting Business People Association (TUYAD), Technology Development Foundation of Türkiye (TTGV), Electronic Device Manufacturers Association (ECID), Turkish Electronics Industrialists' Association (TESID), White Goods Manufacturers' Association of Türkiye (TURKBESD), Automotive Suppliers Association of Türkiye (TAYSAD) and R&D Centers Platforms at different levels to improve the global competitiveness of IT, electronics and major household appliances sectors in Türkiye and to mobilize their innovation potentials.

In addition to serving as the chairman of the Manisa R&D and Design Cooperation Platform (MATİP), Vestel also participates in the sector councils of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), where it expresses its opinions on legislation and standardization efforts in its fields of activity, and closely monitors processes and developments.

International Technology Platforms:

As Europe's largest Original Design Manufacturer (ODM) in TV product groups, Vestel works with international partners under R&D projects executed via European Technology Platforms such as Horizon 2020, ECSEL (Electronic Components and Systems for European Leadership), EUREKA, ITEA (International Test and Evaluation Association), Celtic and Catrene. Since 2006, Vestel has been involved in more than 80 projects with European partners and is ranked among the top 3 companies in its scale and sector by the European Commission. As of the end of 2022, Vestel has 4 active Horizon 2020 projects, 2 Erasmus+ projects and 3 projects under various Eureka platforms. 1 Eureka project and 1 project accepted under the Bilateral Cooperation Call are at the contract stage. In 2020, Vestel was awarded funding from Horizon 2020, the European Union's most comprehensive R&D and innovation program, with the KYKLOS 4.0 project, which covers smart and flexible production activities for personalized consumer needs. In 2021, as part of the project, Vestel started to develop solutions to improve user experience and data security through Distributed Artificial Intelligence Systems (DAIS) studies with 49 project partners from 11 countries. Vestel was also funded

with two more projects involving battery technologies and electric vehicle charging stations. The network is being expanded through participation in multi-partner technical meetings of Horizon 2020 projects, and project applications are ongoing for newly opened calls.

Industrial Partners: Vestel cooperates professionally with companies from all over the world in the technological fields in which it operates, creating a network of important collaborations with more than 70 industrial business partners, including organizations such as Google, Amazon, Roku, Broadcom, Qualcomm, Netflix, Digiturk, Viaccess, Mediatek, Irdeto, Novatek and Nagra.

R&D Support Under Vestel Ventures:

Through its 100% owned subsidiary Vestel Ventures Ar-Ge AŞ, which was established to support entrepreneurs engaged in R&D activities in order to introduce emerging technologies within Vestel, the Company continues to contribute to the activities performed on innovative devices, advanced materials, smart cities, smart homes and smart factories.

In this context, it makes available Vestel's know-how and plants to entrepreneurs at all stages of product development, such as product design, industrial design, multi-screen interface design, prototyping, testing, certification and production.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

Collaborations with Zorlu Group

Vestel also cooperates with Zorlu Group companies operating in the textile, energy and real estate sectors within the Group.

With the mainstreaming of wearable technology, sensors that can be integrated into textiles and information technologies stand out as the Company's prominent fields of activity.

It carries out joint activities with Zorlu Enerji in areas such as energy storage systems, solar panels, and energy-oriented international projects.

R&D Collaborations and Open Innovation at Vestel Beyaz Eşya

Vestel continued its intensive activities in R&D collaborations and open innovation in major household appliances in 2022.

Interviews were held with many universities and faculty members to ensure cooperation in R&D center projects, and as a result of the interviews, consultancy was obtained from 10 different universities, eventually leading to collaborations.

Vestel Beyaz Eşya believes that it will carry its experience, know-how and vision forward by collaborating with the stakeholders in its ecosystem, and to this end, it develops joint projects with universities and research institutions. In 2022, a TÜBİTAK-supported TEYDEB project was carried out in cooperation with universities, while R&D Center projects are carried out in cooperation with universities and undergraduate and graduate students. In order to bring solutions to the projects, universities are consulted, these projects are included in thesis studies with students under the supervision of faculty members, and graduation theses are carried out with many R&D Center projects.

Vestel Beyaz Eşya presents its projects at congresses, conferences and symposiums organized with the participation of faculty members and many industry experts.

Thanks to these events, Vestel Beyaz Eşya is able to add a different perspective to its projects, increase its collaborations and interactions, and has the chance to observe both in-sector and out-of-sector studies. Vestel Beyaz Eşya presented 15 studies and papers/article outputs in different platforms with many scientists and industry participants, and continues to interact with feedback to improve the academic aspect of its employees and the Company.

A protocol was signed between Dokuz Eylül University Science and Technology Application and Research Center and Vestel Beyaz Eşya within the scope of Sustainable Production of Consumables for Major Household Appliances and Home Electronics Sector. Possible project collaborations are being discussed.

In addition to its ongoing collaboration with Sabancı University within the scope of the TÜBİTAK BİGG program, Vestel Beyaz Eşya, together with different partners under the leadership of Dokuz Eylül University, supports entrepreneurs in their activities from the idea stage to the market so that they can transform their technology and innovation-oriented business ideas into enterprises with high potential to create added value and qualified employment.





With the acceptance of the application made with consortium partners from different sectors in the TÜBİTAK 1601 BİGG Support Program for Capacity Building in Innovation and Entrepreneurship Areas for Implementing Organizations, coordinated by Dokuz Eylül University DETTO, Vestel Beyaz Eşya will provide mentorship and support to entrepreneurs in innovative work.

Vestel Beyaz Eşya formed consortia with many stakeholders on international platforms and applied for six projects. The Company applied to “M-ERA.NET Call 2020” aiming to coordinate national research strategies on advanced material technologies, encourage excellence and increase competitiveness in this regard through the “Biotechnological Anti

Freezing Coating (BioAFC)” project. The other partners in the project, which was accepted and entitled to receive support from TÜBİTAK 1071 TÜBİTAK 1071 Support Program for Increasing the Utilization Capacity of International Research Funds and Participation in International R&D Collaborations, are Sabancı University Nanotechnology and Research Center, Kansai Altan Boya Sanayi ve Ticaret AŞ (Türkiye) and Kaunas University of Technology (Lithuania). Under this project, Vestel aims to eliminate the use of heating coil, reduce energy consumption and reduce material use thanks to the biotechnological anti freezing coating on refrigerator evaporators.



Vestel Beyaz Eşya also carries out R&D projects with Vestel Ventures and Zorlu Tekstil companies within Zorlu Holding.

Vestel Beyaz Eşya has made six applications for R&D projects within the scope of TÜBİTAK 1707 BİGG - Collaborative R&D Projects Based on Joint Orders, an SME Support Program. One of its projects is currently ongoing.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

Intrapreneurship: Parlak Bi'Fikir (A Bright Idea)

Vestel also participates in Parlak Bi'Fikir (A Bright Idea), Zorlu Holding's intrapreneurship program for Zorlu Group office employees as part of its Smart Life 2030 strategy.

Launched with the aim of developing an innovation culture and an intrapreneurship spirit within companies, generating permanent solutions for problems, combining these solutions with technology and developing their area of impact and access, the program supports the employees of Zorlu Group, who have "a bright idea" to bring their ideas into life by going through certain assessments and receiving funding from Zorlu Holding.

Second cycle of the program was launched in June 2020 and the program was completed in 2021. During the cycle, 720 ideas were submitted and after the evaluation of the jury, including the top management, 15 ideas were selected. Following the applications received upon a team call, bootcamp meetings were held for teaming and teams were identified for the 8 top in-demand ideas. After

the four-month camp, all eight teams received seed investment and three of them were selected to sit down for investment talks with Vestel Ventures. As a result of the investment negotiations with Vestel Ventures, members of the three teams entitled to receive the investment were all Vestel employees.

The teams that were entitled to receive investment established a start-up where Zorlu Holding was a partner by 25%. In the first stage of the investment, which is planned to be made in two phases, each team received an investment of TL 500,000. Within the scope of the partnership, startups can also receive support from Zorlu Holding in areas such as law, accounting, human resources, finance, and communication.

2022 was a very productive year for Abilitypool, Be Right Back, Conectohub, Geliver, and Ne Ekersen, the startups that stepped into the entrepreneurial journey by receiving investments from the two cycles of Parlak Bi'Fikir (A Bright Idea), Zorlu Holding's intrapreneurship program, which is one of the main targets of Zorlu Holding's Smart Life 2030 sustainability strategy. Selffix, which qualified to continue its entrepreneurial journey as an internal project within Vestel following the second cycle of the Parlak Bi'Fikir (A Bright Idea) program, has successfully completed the year.

ABILITYPOOL

Abilitypool, a digital platform that enables organizations to discover the different talents of their employees and manage volunteering more effectively, completed its second year in the sector in 2022. Bringing together employees or members of organizations with civil society organizations and volunteering projects created by employees or members of organizations in a single environment, Abilitypool reached hundreds of new volunteers in 2022. Abilitypool was one of the finalists in the İbrahim Bodur Social Entrepreneurship Awards, while Kıvılcıklar (Sparks) Movement, a corporate volunteering program carried out with Zorlu Group, reached 10,000 volunteering hours.

CONECTOHUB

Conectohub, which enables teams to work in collaboration in a goal-oriented manner and to carry out and monitor many different tasks at the same time with a single application, also completed its second year in the sector in 2022. The program has three different functions: Project Management, Social Intranet and Internal Communication Application. Conectohub was selected as one of the best OKR and 360-degree feedback tools of 2022, made successful launches at Product Hunt, was selected to participate in Europe's largest technology and startup fair VivaTech by TİM TEB Venture House and participated in the Vitrin 2.0 program organized by Endeavor Türkiye and Vodafone.

BRB

The tech startup BeRightBack aims to enable gamers who do not have sufficient hardware power to access the gaming PCs they need to play games with high quality configurations over the internet, while offering owners of powerful computers the possibility to generate income by sharing their computers. BRB was entitled to take part in acceleration programs such as Lonca Entrepreneurship Center, Startup Wise Guys PreAccelerator, İzmir Network and Innovation Centre and Arya Women Investment Platform. It also introduced the app on Android TVs at IFA, Europe's largest consumer products fair, and took important steps towards globalization with the Accelerate İzmir program. BRB, which also received support from TÜBİTAK 1512 and KOSGEB Rapid Support Program for Micro and Small Enterprises, was one of the startups that passed the first stage in the EIC Accelerator grant program.

GELİVER

Geliver, which developed a platform where SMEs and e-commerce sellers can dynamically view shipping prices, receive discounted prices from different shipping companies and optimize their processes, has expanded its team with the investment of Vestel Ventures and made its product fully ready in 2022. During this period, it successfully completed Kuveyt Türk Lonca, İzmir Nic and various entrepreneurship programs. By making agreements with 5 different cargo companies and offering them to the service of users, the startup has designed a certain volume of cargo shipments to be handled through its own platform by acquiring its first customers within this year. The Company aims to expand its volume by increasing the number of cargo companies with which it has agreements, including different logistics areas in its products and increasing the number of customers.

NE EKERSEN

The startup Ne Ekersen, which aims to make agriculture more efficient by meeting all the needs of stakeholders in the agriculture sector from a single mobile platform, has accelerated its product development and partnership efforts in 2022. Having successfully completed programs such as Kuveyt Türk Lonca, İzmir Nic and Garanti BBVA acceleration program, Ne Ekersen also received TÜBİTAK 1512 support. Having largely completed its product, the startup has started to diversify the products it offers to its users by collaborating with the agricultural banking departments of different banks. In the coming year, the Company aims to launch a super-app software product that will serve all stakeholders in the agricultural sector.

SELFPIX

Selfpix, which was entitled to continue its work as an internal project with the support of Zorlu Holding and Vestel executives, develops technologies that enable companies to offer augmented reality, artificial intelligence, real-time file sharing, and remote expert support to their customers. Continuing to work for a more sustainable future by extending the life of electronic products and improving efficiency with these services, Selfpix has been exhibited at IFA and has achieved significant success by attracting global attention.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

DIGITAL TRANSFORMATION

In line with its vision of being a technology company creating social and environmental benefits, Vestel integrates digitalization into both its business processes and working culture, and the products and services it offers. Vestel continues to make investments in digitalization to provide its customers with a better shopping and product experience, to manage supply chain processes more effectively and to proactively manage cyber security risks in order to protect data privacy.

Digital Transformation Office

Vestel established Vestel Digital Transformation Office to ensure coordination at every stage of its digital transformation journey, and to design and disseminate data-driven and appropriate methods/processes throughout the institution. The Company strives to adopt and introduce modern and agile methods in all of its operations through human-oriented working, systemic perspective and strategic management approaches.

Vestel aims to transform the company into a global technology company within 10 years by engaging in activities aimed at boosting its value in the current market in addition to new markets and products that will expand its fields of activity. Vestel is working to achieve its goals with 99 projects, 378 project employees, 19 different transformation processes and methods, 350 employees who have completed various trainings and 74 transformation ambassadors.

Digital Transformation in Customer Experience

Vestel continues to produce end-to-end digital solutions in customer experience and to make life easier for its customers. New functions and solutions have been added to the self-service website “Çözümü Var”, offering customers a digital experience with new solutions such as the ability to conduct transactions, manage smart products with the Evin Akli application and Vestel Digital Assistant. In addition, feedback on the experience of users from all contact points is collected digitally and actions to continuously improve the experience are formulated through instant tracking.

Vestel Digital Assistant was launched as a new communication channel project that complements Vestel's digital ecosystem in all interactions before, during and after sales, providing convenience and speed in service, making customer communication dynamic, and providing instant and accurate guidance to customer requests with the goal of providing solutions at the first contact.





In line with its vision of being a technology company creating social and environmental benefits, Vestel integrates digitalization into both its business processes and working culture and the products and services it offers.

IoT After-Sales Proactive Service:

While customers who have Vestel products with wireless communication technology can easily manage their products with “Evin Akli” application, Vestel Customer Services informs customers with all signals received from the product so that they can use their products longer and more efficiently, and stands by them whenever necessary. When there is a problem with the product, the customer is notified immediately. For a more flexible and agile structure created by differentiating from traditional service solutions, Vestel creates automatic records for its authorized service providers, without the customer even being aware of the problem, thanks to automatic systems based on data received from IoT products. Afterwards, the authorized service providers communicate with the customers to quickly solve their problems. In addition, Vestel continues to develop special measures for protecting products, usage tips and maintenance notification mechanisms for its users by predicting user habits thanks to the data obtained from the product.

Data Science and Data Management:

In the field of Data Science and Data Management, Vestel continues to work on sales forecasting, ensuring data quality, dealer distribution and location optimization, sales, stock forecasting, dealer and consumer segmentation. A/B testing is among Vestel’s future plans.

Traffic Tracking in Stores:

Store traffic is monitored through devices located at the entrance of Vestel stores. This data is analyzed by keeping the data of busy hours of the day and busy days of the week through customer traffic measurement. In this way, common trends are identified and store traffic is increased, while services are developed in line with customers’ preferences and perceptions by gaining insights into consumer behavior within the scope of the Personal Data Protection Law (PDPL). In this context, in 2023, Vestel will collaborate with a well-established company operating in the security and data collection sector. An innovative system is being developed to exclude sales consultants in traffic data, to group people entering the store in groups and perceive them as a single customer, to analyze the demographic information of store visitors, to measure the density of in-store areas, and to include weather and other external indicators in the system.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

Digital Labels: The digital labels piloted in Sahrayicedit store in Istanbul allow the price information to be changed automatically on the product. This practice helps field staff, facilitates the field control of the central management and offers the most accurate prices and campaigns to the customers. Testing and infrastructure work is ongoing to ensure that digital labels, which contribute to omni-channel transformation by enabling physical and online stores to update their prices at the same time, will be available in all corporate stores in 2023.

Veslink: By using the software installation devices called Veslink, authorized service providers are able to fix a problem without replacing spare parts by installing the necessary software on electronic cards in a short period of time in case of software-related malfunctions. Thanks to Veslink operations launched with the vision of offering technology-oriented solutions, Vestel improves its performance in providing solutions in the first contact, reducing stock costs and increasing customer satisfaction. In addition, movements of authorized service providers in the value chain for the replacement of cards is also prevented.

The Veslink project has provided significant added value to two processes in the major household appliances service process: Providing a software solution to electronic cards without the need for replacement, and ensuring on-site inventory management through card consolidation in major household appliances managed through hundreds

of codes. By installing software, the replacement of 6,640 electronic cards are avoided on an annual basis. A carbon footprint reduction of 0,014 tonnes (CO₂-e) was achieved due the production and scrapping processes of these cards. In these services, 26.37 tonnes (CO₂-e) of carbon footprint reduction was achieved with 67,300 km of savings from card logistics and servicing. By consolidating more than 100 spare part codes into a few codes through card consolidation, it has become possible to manage major household appliances in the field and to ensure lean production.

Voice Bot and Video Remote Assistance (Video Call Support):

Feasibility studies for Voice Bot and Video Remote Assistance applications are going on and there is a plan to start using them in the upcoming period. Thanks to this application, customer demands will be resolved with voice bot technology without any delay and good digital consumer experience will be offered. Video Remote Assistance, on the other hand, provides a better understanding of customer demands and solving them remotely via video call support. This application, which will help solve customers' problems remotely in call centers and service providers, aims to provide fast and reliable solutions with video call support and to offer customers a better experience.



Remote Heat Measurement

(Thermonline): Under the Thermonline project, remote online temperature measurement is offered for defective products requiring temperature measurement and workshop operations to eliminate the delivery of products to workshops and the problem is directly solved by using necessary spare parts aimed at eliminating problems. Thanks to the Thermonline project, Vestel prevented 3,900 km of authorized service provider vehicle movement in 2022, thus preventing 1,52 tonnes of carbon emissions. In addition, the Thermonline project team won the 3rd place in the KalDer 2022 Successful Team of the Year Award.

Digitalization in Sales Processes:

Sales management, retailing process management, business partner finance/ collection processes, management of corporate channels and media investment processes were digitalized. Thus, Vestel aims to create a common reporting language and data sets, develop corporate memory and reduce operational workload.

Sales management, retailing process management, business partner finance/collection processes, management of corporate channels and media investment processes are digitalized.

DIGITAL TRANSFORMATION IN THE SUPPLY CHAIN

Thanks to the digital solutions it has developed, Vestel Supply Chain was able to respond to changing customer expectations in the best way possible, despite the global supply chain problems caused by the pandemic and the challenges that followed. In 2022, Vestel developed a total of 96 digitalization projects under the management of 53 employees in line with the Sustainable Supply Chain solutions within Vestel Elektronik's supply chain.

Projects have been implemented in many areas such as optimization models developed to manage changing customer demands at different product levels, decision support systems for an agile supply chain, business analytics and data science studies developed in areas such as data visualization, smart reporting, process and performance traceability, and digital tools that eliminate non-value added and manual processes and increase efficiency. In 2022, taking into account the dynamics and supply chain processes specific to growing product groups such as Electric Vehicle Charging Stations, Batteries and Automotive, projects were planned to develop customized digital solutions for these product groups.

Thanks to the Supply Chain Control Tower - Power BI project, a business analytics solution that has been developed internally over the past year, all supply chain processes were monitored end-to-end and transparently, accurate information was accessed quickly, screens were designed to support rapid decision-

making with analysis and visualization capabilities, and interdepartmental integration capabilities were increased. In this context, more than 300 report and user interface designs were completed in 2022. The Segmentation Project, which was commissioned for material management processes, has contributed to decision support mechanisms by segmenting products based on their material consumption habits, usage intensity, supply times, amounts, and resource numbers using an algorithm determined according to their characteristics. In another study, screens were designed to monitor all performances of supplier companies and material management status on company basis. Another Power BI project has digitized the material requirement planning and management processes between Vestel Elektronik and Vestel Komünikasyon production facilities, achieving integration between facilities.

With the sustainable supply chain master data project, necessary data designs and system infrastructure developments were made to ensure the traceability of the components used in products throughout the sustainability scorecards and product life cycle. In addition, within the scope of sustainability studies carried out within Zorlu Holding, necessary reports have been developed to calculate the logistical carbon footprint of the loads supplied.

Autonomous Retail Project: The project aims to supply the products sold through distribution channels via a fully-digitalized and artificial intelligence-supported supply chain system. In addition, in order to increase the level of service offered to customers in line with Vestel's omni-channel strategy, the Company's existing distribution network is being restructured according to customers and the logistics network is being redesigned to improve cost, on-time delivery and customer satisfaction.

Supplier Lifecycle Management

(SLC): In order to establish a sustainable business relationship with its suppliers, Vestel aims to manage supplier relations and logistics activities from a single point. In line with this goal, it introduced the "Supplier Lifecycle Management (SLC)" project in 2015 and gathered candidate supplier application evaluation, master data management, candidate supplier approval, performance and risk management processes in a single digital platform. In the last seven years, Vestel has managed the lifecycles of 10,216 suppliers through Supplier Lifecycle Management and achieved many benefits such as reduction of carbon footprint and increased efficiency.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

E-Indirect Project: E-Indirect Project encompasses all processes from the conversion of a purchase request to a purchase order. Under the project, Vestel created a transparent system where the offers of suppliers are collected from the system, integrated into the process and reported. In 2022, Vestel Ticaret was included in the Vestel Elektronik Indirect system.

E-Logistics Project: Under E-Logistics project, Vestel aims to electronically carry out all processes covering all of its import, export and domestic distribution processes. The Company plans to reduce logistics costs by gathering the activities of Vestel Group of companies and then all Zorlu Holding companies under a single structure within E-Logistics project. In 2022, infrastructure works were completed and the project is planned to go live in the first quarter of 2023.

Three-way Matching: Vestel digitalized the entire process from supplier selection to invoice control processes in the supply lifecycle, which begins with the creation of a purchase request, and maximized strategic and operational performance. Budget and finance processes were also included in the digitalized procurement processes, and a structure that will cover all procurement operations with “three-way matching” was implemented. Vestel aims for its centralized procurement processes to be financially traceable, have strong supplier relationships, be open to audit, and transparent.

Material Management Processes:

The Company added end-to-end and transparent traceability to the entire process of order management with suppliers from the ordering of materials to stockpiling at the factory through SAP Supplier Network Collaboration (SNC) solution and SAP Transport Management (TM) solution where all logistics processes are managed. It started measuring and reporting this traceable process with SAP Business Intelligence (BI) and Microsoft Power BI solutions. As a result, the Company achieved advantages such as rapid access from a single point, rapid decision-making, increasing integration between departments, and shortening report preparation times.

In addition, Vestel launched the Supplier Network Collaboration (SNC) project maximizing the speed and efficiency of the order communication network with suppliers within Vestel Beyaz Eşya in 2021. Through the reporting screen, it can view instant data according to desired conditions and take action in the fastest way. In addition, the Company prevents the annual average consumption of 10,000 papers as a result of digitalization in areas such as contracts and invoices in its procurement processes.

Thanks to the Transport Management (TM) and Supplier Network Collaboration (SNC) modules, Vestel controls the movements and orders of materials. It integrates into these modules digitally with its logistics partners and suppliers via SAP software. By establishing a warehouse-based material ordering system on SAP, Vestel eliminates the movement of two forklifts and one truck between warehouses per year. It provides a space advantage 200 m² with the location-based revision of the production deficiency report prepared over SAP. The Company aims to be a transparent supply chain for its customers by increasing stock traceability.

SAP-ZAYS Module: Within Vestel Komünikasyon, the Company developed SAP-ZAYS module allowing for automation in data exchange from the Free Zones Computerized Implementation Program (SBBUP) used in Free Zones for the digitalization of data exchange in import, export and production processes depending on production and capacity increases in electric vehicle charging station, battery module, set top box and LED lighting product groups and achieved an 80% reduction in operational processes by eliminating human errors thanks to the automation in data flow.

Vestel is constantly improving the scope of automation and financial technology practices in order to achieve the highest efficiency with the least effort in financial transactions.

DIGITAL TRANSFORMATION IN FINANCE

Vestel is constantly improving the scope of automation and financial technology practices in order to achieve the highest efficiency with the least effort in financial transactions.

Thanks to the projects implemented, it strengthens the control mechanisms of operational processes, minimizes potential human errors and increases labor productivity. By accelerating the process, it becomes possible to bring forward period closures and draw up financial reports earlier. In addition, digitized processes result in significant paper and time savings.

Thanks to the automated systems put into operation in physical and virtual stores for the organization of collection processes, significant performance improvement was achieved through the rapid detection of errors.

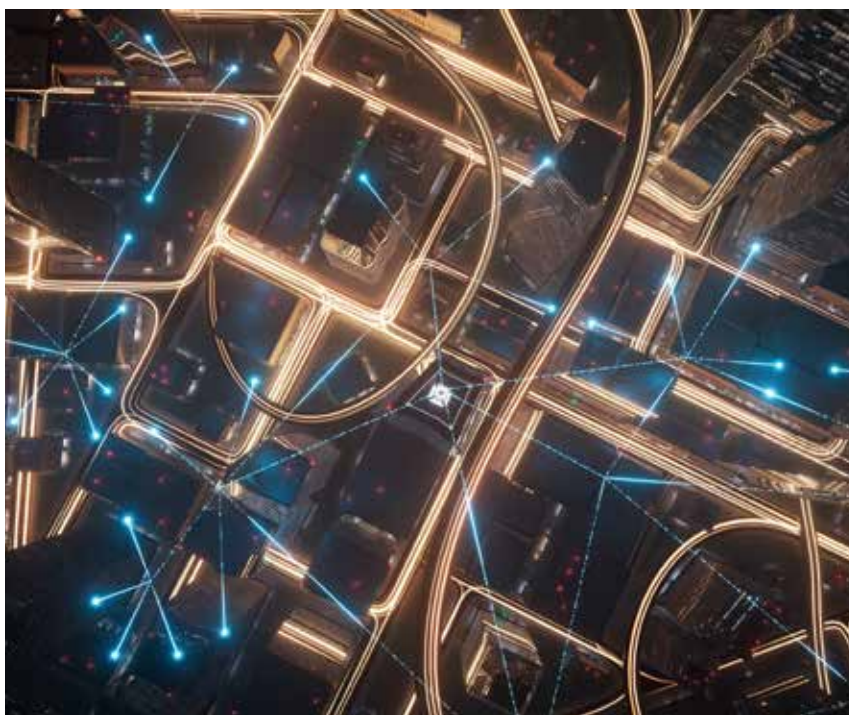
With the e-Payment project, the entire process was digitized by digitally signing and sending the instructions to the bank in the end-to-end payment process and recording the accounting record with the digital file received from the bank. As a result of this process, paper printing is avoided, and time-saving gains are achieved.

Technological developments are followed and added to the toolkit in order to increase automation and improvements in processes. One of the tools used to this end is RPA (Robotic Process Automation). With the software that started to be used in accounting period-end processes, accounting records are created and entered into the system through the software.

Today, in the face of rapidly changing financial conditions, designing applications that quickly generate accurate reports and facilitate decision-making are becoming more important than ever. With this in mind, the Company developed a management cockpit in which data is instantly received from the SAP system through data visualization

applications and processed in the application background. As a result of this project, which started with reporting the use of financial resources as the first stage, data can be presented to decision makers with high frequency and minimum error. In addition to the traditional reporting format, the management cockpit application offers flexibility with dynamic viewing.

The tracking and implementation of digital transformation practices that will create added value in financial processes will continue at an increasing pace in the coming years.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

PRODUCTION AND INNOVATION POWER

DATA SECURITY AND CYBER RISKS

While the digitalization of business processes, products and services offers opportunities such as efficiency and higher performance in the working environment, it also poses cyber risks. Cybersecurity management activities are overseen under the responsibility of Vestel's Information Technologies Director, who has 25 years of experience in information technologies and who reports to the CIO of Zorlu Holding. There are policies, procedures and systems in place for protecting the security and privacy of the data of both the Company and customers.

Vestel ensures the data privacy and security of its systems under ISO 27001 Information Security Management System. The Company created an Emergency Response Policy in accordance with the standards of the EU Cybersecurity Act and the National Institute of Standard and Technology (NIST). As per the Presidential Digital Transformation Office (CDDO) Information and Communication Security Audit Guide, all documentation will be submitted to the Digital Transformation Office with the opening of the BiGDES system, which is referred to in the Guide, in February 2023. The BiGDES system has already completed its preparation, compliance, and auditing obligations.

In 2022, Vestel provided a total of 3,340 hours of information security training to 2,738 employees.



Privacy Policy

As per the Personal Data Protection Law (PDPL) No. 6698, Vestel takes all necessary technical and administrative measures to ensure the appropriate level of security in order to prevent unlawful processing of and illegal access to personal data, and to ensure the protection of personal data. The Company shares with the customers Vestel **Privacy Policy** and **Disclosure Text** indicating which data is processed for which purposes and their rights, and performs data processing processes with their explicit consent.

Vestel Privacy Policy covers all operations, including suppliers. Zorlu Holding Data Protection Department is responsible for privacy issues. In cases of the breach of confidentiality, the provisions of the Disciplinary Regulation apply to violators (for detailed information, the Ethical Principles is available [here](#)). Audits are performed to ensure compliance with the privacy policy. There were no cases of data breach in 2022. Accordingly, there is no data breach reported to the Personal Data Protection Board.

Measures taken against cyber risks in operations

Vestel only has external access to corporate systems via SSL VPN (secure remote connection). Access to all systems is monitored and recorded. The Company uses Intrusion Prevention Systems (IPS) and Firewall, and responds quickly to any potential anomalies. Vestel tests and applies security patches released by manufacturers for systems.

Measures taken against cyber risks in products

Vestel continuously performs risk and threat analyses against security risks for each end-to-end component regarding the devices that can connect to the Internet and IoT solutions built on these devices. It designs technical measures and solutions for the risks identified according to these analyses. These solutions ensure compliance with personal data protection laws (PDPL, GDPR) and cyber security regulations (ETSI 303645 Cyber Security Standards for consumer IoT, EU Cyber Security Act, UK Code Practise, UK EVC Security Regulation). In addition, Vestel created security testing scenarios and testing infrastructure with testing groups in accordance with these analyses and related standards, especially ETSI 303645 Cyber Security Standards for consumer IoT. For each new product, it constantly

performs these tests in the software or solution version, evaluates the results and adds measures depending on the designs.

In addition, security mechanisms are implemented to identify and prevent attacks in cloud-based solutions to which IoT devices are connected, ensuring continuous security monitoring. Likewise, measures against known attacks for IoT devices were added to the software of the devices.

Especially recently, security breaches across the world are caused by vulnerabilities in third-party software and libraries within the software. In order to prevent this phenomenon, vulnerability analyses on this software used in Vestel solutions are performed together with testing groups. The Company can remotely update the Wi-Fi card software of all Vestel IoT devices in order to keep the security levels of devices in the field at the specified level, to update the third-party software installed thereon and to fix any potential vulnerabilities. In addition, it launched the certification process of products that can connect to the internet under the Common Criteria, the only cyber security certificate to represent the security level of products to customers, business partners and users.

Vestel cares about the security of all IoT devices sold within the country, not just the IoT ecosystem. It is a member of the Turkish Cyber Security Cluster established under the Presidency of Defense Industries affiliated to the Presidency of the Republic of Türkiye and offers consultancy on IoT security under the relevant group. As part of this consultancy, the Company contributed to the creation of the National IoT Security Standards.

In 2022, Vestel developed a total of 96 digitalization projects under the management of 53 employees in line with the Sustainable Supply Chain solutions within Vestel Elektronik's supply chain.

Vestel strives to lead the sector in Industry 4.0 and digitalization practices.

Vestel Elektronik achieved a robot density value that is well above the global average of 126 with 842 robots per 10,000 production employees.

Through Vestel Ventures established to support entrepreneurs engaged in R&D activities, the Company continues to contribute to the activities performed on innovative devices, advanced materials, smart cities, smart homes and smart factories.

Vestel believes that it will carry its experience, knowledge and vision further by collaborating with the stakeholders in our ecosystem.

Vestel continues to make investments in digitalization to provide its customers with a better shopping and product experience, to manage supply chain processes more effectively and to proactively manage cyber security risks in order to protect data privacy.

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TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

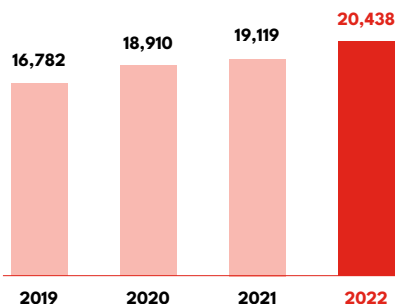
Human capital plays a key role in the Vestel value creation model. Believing that the investments it makes in human capital improve the technology it produces, the patents it obtains and its R&D strength, Vestel continues to work with the awareness that the sustainable value creation of its state-of-the-art factories and products is only possible with competent, happy and highly motivated employees.

Acting with the focus of creating and developing the most ideal working environment to ensure the health, safety, rights and personal development of its employees, Vestel develops human resources policies that facilitate the adaptation processes of its human resources, encourage their success and development, meet their expectations and needs with fairness and equal opportunity and contribute to the country's employment.

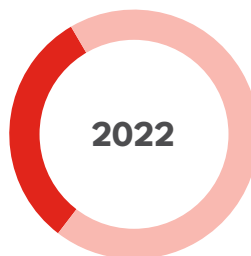
Vestel aims to increase the share of female employees to 40% by 2030.



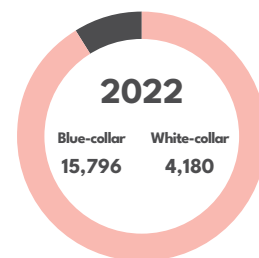
Total Number of Employees



Employees by Gender



Employees by Category



34% Female
66% Male

23% White-collar
77% Blue-collar

GENDER EQUALITY, HUMAN RIGHTS AND INCLUSION

Active participation of women in corporate life has positive impacts on the productivity and financial performance of companies. In this respect, Vestel encourages efforts to ensure gender equality throughout the Company, including recruitment practices. Under the guidance of Zorlu Holding's **Eşit B'hayat (An Equal Life) Gender Equality Manifesto** and its status as a signatory to the **United Nations Women's Empowerment Principles**, Vestel assumes responsibility for ensuring gender equality in the society, in the electronics and major household appliances industries, and among the employees of Vestel Group of Companies at all levels.

In 2019, Vestel launched the Female Technician Training Project within the Vestel Service Academy, providing technician training to customer representatives working in authorized service centers and offering them the opportunity to work in after-sales technical support teams. As of the end of 2022, 18 out of a total of 68 female technician candidates who successfully completed their practical technical training are actively working in the field.

Employee Salaries by Level and Gender	Ratio (Average Women Salary/Average Men Salary)*
Senior (Base salary only)	1.02
Senior (Base salary and cash incentives)	0.97
Manager (Base salary only)	0.92
Manager (Base salary and cash incentives)	0.92
Non-manager	0.97

*At Vestel, the policy of equal pay for equal work is meticulously implemented without gender discrimination. The difference in ratios arises from additional variables such as seniority/performance. Foreign subsidiaries are not included in the analysis.

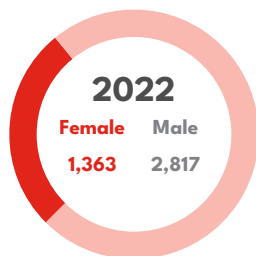
Vestel established the Gender Equality Group within Vestel in order to develop volunteering projects that raise awareness with the motto "An Equal Life is Possible for All". In this context, with the Mutlu Bi'Anne (A Happy Mother) Project, companies of Zorlu Holding Group, including Vestel, which works to ensure that working mothers have more equal conditions in working life, published the **Domestic Violence Prevention Policy**. In 2022, 4,381 people received 2,194 hours of gender equality training. Vestel carries out the relevant processes to obtain the Equal Opportunities Model certificate from the Women Entrepreneurs Association of Türkiye (KAGİDER). In addition, in cooperation with KAGİDER, a mentoring program is also implemented to help young women who have recently graduated from university or have a maximum of two years of work experience to start their professional lives better equipped and to facilitate their job search processes. There are a total of 20 volunteer mentors in the project.

In line with its gender equality approach, Vestel published "Eşit Bi'Hayat (An Equal Life) Dictionary" to serve as a guide to avoid sexist discourse patterns and idioms embedded in our language. It brought together alternative discourses that can be used from an equal and inclusive perspective in the dictionary, which is accessible to all stakeholders and can be accessed via the **Smart Life 2030** website.

289 female and 550 male employees benefited from maternity and parental leave in 2022. 61% of female employees who took maternity and parental leave in 2022 went back to work and re-entered working life.

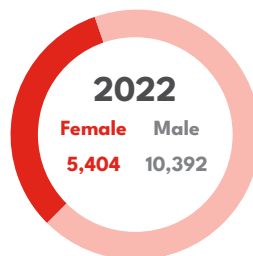
There are breastfeeding rooms accessible to all female employees in the Company's Manisa production facilities.

White-Collar Employees by Gender



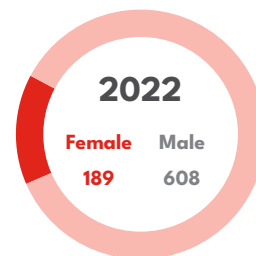
33% Female
67% Male

Blue-Collar Employees by Gender



34% Female
66% Male

Managers by Gender



24% Female
76% Male

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES



Integration of Employees with Disabilities

Through the Equal Chance Project, Vestel aims to remove the barriers that prevent people with disabilities from participating in working life. To this end, the Company trains hearing and speech impaired individuals and supports their active participation in business life. Under the project launched in 2015, Vestel cooperated with 17 deaf special vocational high schools in Türkiye and employed 465 people with disabilities within Vestel. The Company appointed sign language interpreters in all its electronics factories to respond to the needs of its employees with disabilities under this project.

Vestel employed a total of 20 people with mental disabilities including 10 at Vestel Elektronik and 10 at Vestel Beyaz Eşya since 2019 in order to integrate into working life the people with mental disabilities at the Sheltered Workplace for People With Mental Disabilities (Z.E.K.İ. Life Center) the first of which was established in Manisa Organized Industrial Zone in Türkiye and to offer social support to their families. In this context, the Company created sheltered and ergonomic working areas within the production areas of factories.

One of Vestel's top priorities is to find the right talent to lead technology and digitalization, to retain existing talents, and to enable them to connect with Vestel.

Human Rights

Zorlu Holding and all of its affiliates (Zorlu Group) undertake to conduct business and take actions in full compliance with Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Declaration on Fundamental Principles and Rights at Work adopted by International Labour Organization and, as a signatory party, United Nations Global Impact. This commitment includes standing against all forms of discrimination, providing a safe working environment, not allowing child labor, and ensuring a working environment where employees can freely express themselves. The sustainability of the commitment is guaranteed by the “Zorlu Holding Human Rights Policy” and “Zorlu Holding Ethical Principles”.

Vestel respects, protects and observes the human rights of its employees. Striving to provide a decent, respectful, egalitarian, fair and just working environment that guarantees human dignity, Vestel is committed to full compliance with the Universal Declaration of Human Rights, the laws and standards set by the International Labour Organization (ILO) and the legal framework and legislation governing human rights and working life in Türkiye. Moreover, as a signatory of the United Nations Global Compact (UNGC), the Company continues to work towards compliance with human rights.

At Vestel, where discrimination is not tolerated in any of the human resources processes, starting with recruitment practices;

- People are not discriminated based on gender, age, religion, language, race, sect, social status, physical build, ethnicity, nationality, sexual orientation or any other personal feature.
- Employees are offered equal opportunities in line with their skills and experience.
- The policy of equal pay for equal work is applied in the remuneration system.
- Child labor, forced labor and human trafficking are not tolerated.





Vestel is working on developing an audit system to control compliance with human rights in the supply chain. Compliance with human rights in Vestel's own production facilities is audited under the Social Compliance Audits (BSCI, SEDEX, etc.) performed by its customers.

You can review the **Ethical Principles** for detailed information on preventive and corrective practices for inequality, human rights violations, child labor and forced labor.

Measures Against Discrimination and Harassment

Vestel protects the personal rights of its employees without tolerating any physical, sexual and psychological harassment and the inconveniences and injustices they may cause. Employees can make their notifications to the Ethical Principles Notification Line under the **Ethical Principles**. In case of any violation, Vestel investigates the case that is the subject of the complaint, manages the process in a transparent and fair manner and imposes necessary sanctions. Vestel's policy on this issue is shared in the Ethical Principles and Workplace Regulation. There was no discrimination case detected at Vestel in 2022.

DEVELOPMENT OF EMPLOYEES AND TALENT MANAGEMENT

Talent gap or shortage is at the forefront of the problems that companies may face in the 21st century. As a company that provides services in engineering and technology, Vestel is aware that investment in talent will minimize the risk of talent gap or shortage.

Attracting new and right talents to the Company with the motto "Being where the talent is" forms the basis of Vestel's strategy. One of Vestel's top priorities is to find the right talent to lead technology and digitalization, to retain existing talents, and to enable them to connect with Vestel.

Considering the personal and professional development of all employees as its most valuable investment for the future, Vestel adopts working models that improve the skills of employees and boost their adaptation to innovation and change on the basis of technology and human-oriented transformation.

Vestel cares about maintaining its long-term cooperation by supporting the career planning of its employees with promotions and horizontal promotions.

Performance Management

At Vestel, all white-collar employees are integrated into the performance management system. Vestel continues to monitor and support the development of its employees in terms of learning and development, working together, responsibility, innovation and creativity, which are Vestel's core competencies. Only by evaluating the competencies of its employees within the competency-based performance evaluation system and ranking the employees in the same organization relative to each other, the Company obtains their final performance. Under the target and competence-based performance management system, it sets targets at the beginning of the year and follows the interim targets and performance achieved in the middle of the year. At the end of the year, absolute performance results are obtained for each employee by entering the values reached at the end of the year into the system and evaluating the competencies. The total number of employees participating in regular performance and career development evaluations at Vestel reached 3,634 in 2022. Vestel cares about maintaining its long-term cooperation by supporting the career planning of its employees with promotions and horizontal promotions. Regarding career management, the Promotion and Horizontal Promotion Regulations are published on the Company portal and made accessible to employees.

Vestel makes performance-based annual salary increases and the salary scale, which is updated every year after the salary increase period, is used in all career processes.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

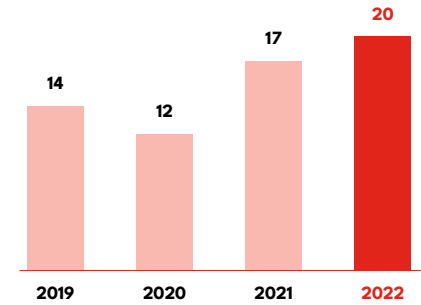
EMPLOYEES

Rotation Practices

Vestel focuses on developing and accelerating human-oriented transformation with innovative perspectives through effective human resources management and making it a part of its corporate culture. It periodically engages in succession planning and essentially covers its human resources needs through its in-house human capital. Vestel has introduced the rotation practice since 2018 in order to diversify the knowledge, skills and experiences of employees, to finalize their career planning by enabling them to gain different job or company experiences, and to boost efficiency of the Company and the motivation of employees. It sees rotations among Vestel Group of Companies employees as an important lever that strengthens inter-company communication and cooperation, and significantly improves the performance of employees and companies thanks to different career paths. In 2022, a total of 87 employees applied for rotation.



Annual Average Training Hours Per Employee



In 2022, Vestel offered an average of 20 hours of training per employee and allocated a training budget of TL 672 per employee. The Company provided 18,919 hours of training to 6,077 people through Zorlu Academy Online Training Platform in 2022.

Trainings

Vestel designs its training activities with the aim of discovering and developing employees who are capable of thinking, researching, questioning and are creative, entrepreneurial and productive. In our day, where the need for competent human resources is constantly increasing, Vestel plans and implements its training investments for employees in terms of sections, departments and projects. The scope of the investment in development is not limited to Vestel employees, but also includes dealers and service employees. The Company analyzes the trainings received by employees by grouping them by age, gender, seniority and training type.

In 2022, Vestel offered an average of 20 hours of training per employee and allocated a training budget of TL 672 per employee.

Vestel Internal Trainer Development Project has won a Silver Award in the Internal Trainer Development Program category at the 2022 Learning and Development Awards organized by TEGEP.

Vestel designed the Internal Trainer Development Project in order to share the knowledge, know-how and intellectual infrastructure of its human resources with all employees, to use its internal dynamics more efficiently by conducting training with internal resources and to build the right training architecture with personalized training content. The project received a Silver Award in the Internal Trainer Development Program category at the 2022 Learning and Development Awards organized by the Turkish Training and Development Platform, where 42 leading companies of the sector competed.

Executive Development Programs

The Executive Development Programs aim to improve the leadership competencies of mid-level managers at Vestel. To this end, 35 managers received a total of 1,764 hours of training in the Vestel Management Power Program in 2022.

Employee Development Trainings

Vestel Technology Academy	Vestel Retail Academy	Vestel Service Academy
Developed in collaboration between Vestel Group of Companies and Özyeğin University, it is a long-term training program aiming to enable Vestel engineers to receive lifelong qualified training and to further their technical knowledge and experience. The Technology Academy forms the infrastructure for Vestel engineers to launch value-added projects as well as their intellectual development.	Vestel Retail Academy is a program designed to offer trainings on “Sales-Marketing”, “Management Skills”, “Performance Development”, “Personal Development” and “Finance” to head office employees, corporate store employees and dealer business partners. Under this program, training programs are implemented with the priority of developing the capacities of dealers, one of Vestel’s most important stakeholders.	Vestel Service Academy has been operating within Vestel Customer Services since 2012 for the regular and continuous training and development of all service teams, such as authorized service provider technicians, customer representatives and service managers in order to provide a flawless experience in after-sales services.

Vestel Technology Academy

Developed in collaboration between Vestel Group of Companies and Özyeğin University, Vestel Technology Academy is a long-term training program aiming to enable Vestel employees to receive lifelong qualified training and to further their technical knowledge and experience. Under this training program, employees who wish to pursue postgraduate studies are encouraged to receive master’s and PhD-level training in the fields required by Vestel.

180 Vestel employees who received 21,021 hours of training as part of the Vestel Technology Academy in 2022 continued their graduate studies in the fields of Computer, Electrical-Electronics, Industrial, Mechanical Engineering and Data Science. A total of 364 employees have graduated so far. In addition, 62 academic studies were transformed into industrial practices and 41 studies became a part of patent, publication or incentive processes.

Established with the vision of “bringing the university campus to the company”, Vestel Technology Academy also offers Vestel engineers the opportunity to become in-house academics. Employees, who are evaluated by Özyeğin University and fulfill the prerequisites, are appointed as Visiting Faculty Members. In-house academics continued to teach at the Vestel Technology Academy in the 2021-2022 academic year.

Vestel Retail Academy

In 2022, Vestel Retail Academy (VRA) organized a total of 29 training and development programs for head office employees, Vestel store employees, dealer business partners and Zorlu Holding employees. 222 classes were organized on 58 different topics and 1,680 hours of training was provided in the fields of “Sales-Marketing”, “Management Skills”, and “Competency Development”. During the year, 46 different trainers were collaborated with, and 57% of the

trainings were delivered by VRA internal trainers. At the end of the trainings, 19% of the participants achieved post-training development. According to the participant satisfaction survey conducted after the trainings, the satisfaction level stands at 93%. The average NPS (Net Promoter Score) of the trainings is 70.

In addition to trainings, 178 videos totaling 2,186 minutes were shot and broadcast throughout the year to support the development of employees holistically. The videos were shared with all target audiences through familiar platforms.

A total of 230 reports were shared under titles such as training program development and completion reports, regular monthly project reports, social learning group reports, qualitative training evaluation reports and activity reports.

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Vestel Service Academy provided 7,279 hours of training in 2022 through different training approaches in which digital and live channels are actively used throughout many training modules.

This year, all employees working in Vestel stores received an average of five training programs through the Vestel Team Member Development Program, the Regional Officer Development Program and the Store Officer Development Program. In addition, the Grading System was introduced. For the first time, a Sales English and Effective Speaking/Diction training program was offered for the relevant target group.

In the dealer channel, in addition to the “Dealer Business Partners Program”, the “Women Dealers” program was launched for the first time for women dealer owners. Training programs were also designed and implemented for the Regal Dealer and Chain Store channels, which had never been targeted before. The Catalog Project was launched for Head Office employees in the second half of the year, and Training Check Up interviews were conducted after the trainings. The Retail Orientation Program organized by the Head Office won the Best Training and Development Program Award from TEGEP in 2022.



Vestel Service Academy

Vestel Service Academy has been operating within Vestel Customer Services since 2012 for the regular and continuous training and development of all service teams, such as authorized service provider technicians, customer representatives and service managers in order to provide a flawless experience in after-sales services. The Academy provided 7,279 person x hours of training in 2022 through different training approaches in which digital and live channels are actively used throughout many training modules. Vestel Service Academy is the first training program in Türkiye to hold TS ISO 29990 Certificate.

Zorlu Academy Online Training Platform

Zorlu Academy Online Training Platform offers personal development and technical training content for all Zorlu Group companies, including Zorlu Holding and Vestel. The Company provided 18,919 hours of training to 6,077 people through Zorlu Academy Online Training Platform in 2022.

An online compulsory environmental and zero waste training was added to the platform and shared with the employees in order to raise the awareness and responsibility of the employees regarding environmental issues.

Onboarding Program

At Vestel, the Onboarding Program has been implemented as part of the recruitment process since 2017. The first three months following the job offer and initiation of employment are known as the most critical period during which a new employee's commitment to the company is created. Main goals of the Onboarding Program are to facilitate the onboarding and adaptation process and to promote Vestel culture. Implemented through an online platform since 2020, the Onboarding process has been integrated with Pole Star Mentorship Program. In 2021, Vestel rendered the content of the onboarding training interactive by adding new tasks and games.

Pole Star Mentorship Program

Pole Star Mentorship Program is the involvement of a team member who will guide newly-recruited employees in the Onboarding Program. Acting as volunteers for three months in parallel with the onboarding process, Pole Stars are selected under the leadership of their department managers and attend a training offered by the Human Resources Department. In 2022, a total of 336 Pole Star mentors guided their new colleagues.

Attracting Young Talents

Recognizing that young talents play an important role in building its future, Vestel invests in their acquisition, creating equal opportunities and new employment opportunities. Vestel aims to improve its "Attractive Employer" perception among new graduates and young talents.

Recognizing that young talents play an important role in building its future, Vestel invests in their acquisition, creating equal opportunities and new employment opportunities.

Vestel Campus Activities

Vestel continues its employer brand journey on campuses with the motto "Possible with Vestel, Why Not?" since 2021, aiming to reach qualified and right candidates on university campuses before they graduate and to ensure the recruitment of competent human resources. Another goal is to implement projects such as university career events, engineering competitions, graduation projects, sponsorships, workshops and case studies that require close relations with university career centers and student clubs and support university-industry cooperation. In 2022, Vestel signed a Co-op project and a graduation thesis agreement with four universities within the scope of university-industry cooperation. In addition, in line with the objective of supporting women engineer student societies through university campus events, in 2022, the Company supported four organizations focusing exclusively on women engineers at four different universities with speeches by women engineers working at Vestel. Vestel attaches importance to coming together with female engineering students, encouraging and supporting them as a company that produces technology. In 2022, Vestel participated in 62 events at 20 universities, bringing the employer brand together with a large number of university students. In addition to various events organized to attract young talents to the Company and contribute

to youth employment in Türkiye, Vestel also organizes the Vestel Management Trainee and Vestel V-Compass University Internship Programs.

Vestel MT Program received the 3rd prize in the "Most Admired Talent Programs of 2022" category, voted by recent graduates and young professionals, awarded by Toptalent.co.

Vestel Management Trainee Program

Vestel Management Trainee (MT) Program is a comprehensive young talent training program through which Vestel aims to train new university graduates as future managers of Vestel and which it carries out with the support of distinguished universities. Content of the program, which spans a period of four months, consists of academic courses, theoretical training within Vestel, personal development training and practical internship phases. Through Vestel MT Program, the Company aims to train young trainees who get to know the corporate culture, have detailed, up-to-date and accurate knowledge of the industry and its functioning, and develop new projects that will add value to Vestel.

The 13th Vestel MT Program was completed in 2022 with the participation of 18 graduates from Türkiye's leading universities and in cooperation with Koç University, and all young management candidates who completed the program started working at Vestel.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES



Vestel V-Compass University Internship Program

Within Vestel Group of Companies, Vestel offers short-term internship opportunities to engineering students in production and R&D, and to students of the faculty of economics and administrative sciences in the Financial Affairs, Sales and Human Resources Departments. While the internship program, which is held in factories and administrative units during the summer period every year, was carried out online in 2020 and 2021 due to COVID-19 measures, some of the interns completed their internships online and some physically in the summer of 2022.

University - Industry Cooperation Projects

Vestel Beyaz Eşya receives academic consultancy from many universities, bringing different perspectives to its projects and finding solutions to problems with faculty members and students. With TÜBİTAK 2209-B and TÜBİTAK 2210-D support programs, thesis studies of undergraduate and graduate students of universities, as well as projects integrated into industry-oriented graduation theses are carried out together with students. At the same time, project applications are made by participating in international platforms where universities are also in consortia as partners. In events organized by universities such as congresses, conferences and symposiums, evaluations are made with faculty members and students on the projects presented. Visits are made to universities in order to exchange ideas and to evaluate how universities can be integrated into industrial work.

Within the scope of the Cooperative Education Program (Co-oP) developed by Izmir University of Technology, Vestel

Beyaz Eşya supports final year Mechanical Engineering students with project-based work within the Company for one day a week.

Within the scope of Vestel Ege University Business Administration Seminar courses, which are organized for the final year students of Ege University Faculty of Economics and Administrative Sciences, Department of Business Administration, theoretical knowledge and practices, including Vestel corporate culture, are shared with students by instructors consisting of company employees, who are experts in their fields. Under this program, Vestel aims to help students gain perspective by coming together with professionals from the business world in the university environment and to contribute to the training content by strengthening university-industry cooperation. Through its Vestel Ege University Business Administration Seminar courses, which it has been continuing uninterruptedly since 2018, Vestel offers 13 courses a year and conveys its industry experience to 30 students.



Considering the well-being of its employees, Vestel strives to be an accessible employer, improve employee rights and create a healthy and peaceful working environment.

Employee Engagement and Satisfaction

Vestel attaches importance to the well-being of its employees, believing that employee loyalty will enable it to increase its competitiveness, financial performance and reputation as an employer. In order to be an accessible employer, Vestel invests in technological infrastructure and continuously enhances its efforts to improve employee rights in a fair manner, to implement practices that ensure work-life balance, and to create a healthy and peaceful working environment.

Vestel aims to evaluate and improve the opportunities it provides to its employees as well as the working environment through the Employee Satisfaction and

Commitment Survey organized every two years. Research results are shared with senior management, taking into account age and gender breakdowns. In the last two years, both the employee satisfaction score and the employee engagement score have increased by 5 points each.

In addition, all employees' anonymous requests and complaints regarding working conditions are collected through the Complaint/Wish/Request Evaluation System on the corporate portal via the mobile kiosk application. Necessary actions are taken in response to incoming requests and complaints and feedback is provided to employees.

The "Demli Chats" seminars attended by employees were discontinued in 2020 and 2021 due to the global pandemic. In 2022, three different online events were created instead of "Demli Chats". The event, called "Heartfelt Conversations", aimed to promote inter-departmental acquaintance and cohesion and was held at designated times of the year. The online event called "Expert Conversations" is an event where experts in their fields are hosted and employees participate and interact with them. The "Agenda & Hello" event is an online event that is organized when the Company wishes to inform its employees on a particular topic. Vestel aims to continue the activities in 2023.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

Fringe Benefits

Common fringe benefits offered to employees include transportation, meal and kindergarten support, educational scholarships provided by the Zorlu Holding Mehmet Zorlu Foundation for employees' successful children, marriage, parental and bereavement leave, cash allowances, four shopping vouchers per year, additional payments for those who obtain their master's and PhD degrees, educational support payments for all those with children in school, monthly financial support for those with disabled children, gifts of chocolate and cologne on religious holidays, right to use the fitness center in Vestel City and discounts on Vestel branded products.

Work and Life Balance

Vestel developed "Viva!" Project to improve the quality of life of employees on "Corporate Well-being", one of the sustainability goals of Vestel Group of Companies, and to ensure that they lead a long-term corporate life. It started to implement this project by integrating it with Zorlu Holding's "We Are Good Together" Project and Wellbees application in 2020.

We Are Good Together Project covers:

- Activities aimed at protecting physical and mental integrity,
- Seminars and workshops on good and healthy life,
- A common sharing platform with event announcements,
- E-mail contents and notifications to boost employee motivation,
- Adopting the motto "Possessing a Vestel means better living" and the activities to be organized for this purpose,
- Awareness-raising information sharing for healthy living,
- Spreading the corporate culture and creating sharing environments that strengthen the communication between the Human Resources Department and employees,
- Suggestions and practices for improving Vestel's physical conditions.

In addition to the "We Are Good Together" Project, Vestel also offers free psychologist, nutritionist and sports coach support to its employees. Besides, Vestel ensured the establishment of Basketball, Dance, Outdoor Sports, Photography, Music and Running clubs in order to support the social development of its employees as well as their professional development. Among these clubs, the Running Club Vestel Venus roadRUNNERteam and Vestel Corporate Basketball Team continue to work intensively. In 2022, the Running

Club Vestel Venus roadRUNNERteam participated in a total of 16 races across Türkiye and won various awards.

In addition to work-life balance solutions, a hybrid working pattern is implemented in departments where possible. According to Article 74/2 of the Labor Law No. 4857, female employees are granted the right to work part-time after maternity leave. Besides, part-time employment is applied in foreign subsidiaries as per the laws of respective countries.





One of Vestel's important goals under its sustainability approach is to increase corporate volunteering efforts.



Employee Volunteerism and Contribution to the Society

One of Vestel's important goals under its sustainability approach is to increase corporate volunteering efforts. Under "Kıvılcımlar (Sparks) Movement" launched in 2019, the Company organizes volunteering activities under five main groups within Vestel Group of Companies: "environment", "child", "people with disabilities", "reuse of materials" and "our friends: animals". In 2022, 515 Vestel Beyaz Eşya employees voluntarily participated in these activities for a total of 2,903 hours.

Some examples of volunteering activities carried out in 2022 with the participation of Vestel Kıvılcımları (Sparks) are given below:

- In cooperation with the surrounding municipalities, events were organized for the cleaning of glass waste, one of the most important causes of forest fires in Türkiye.
- The Company carried out environmental cleaning in Manisa and Foça.
- Future for Children Workshop was organized.
- Knit for Manisa Nursing Home activity was carried out.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

EMPLOYEES

Vestel is sensitive about Occupational Health and Safety (OHS) policies and practices in order to provide a safe and healthy working environment.

OCCUPATIONAL HEALTH AND SAFETY

Vestel is sensitive about Occupational Health and Safety (OHS) policies and practices in order to provide a safe and healthy working environment, and attaches importance to the assessment and management of the potential impacts of all risks that may result in loss, injury or damage due to any danger in the workplace on employees, contractors, supply industries, visitors, solutions partners and other employees in working areas. The Company's goals include examining the risks that the employees may encounter in the field, raising the awareness of the employees, improving and developing processes, creating ergonomic working areas, ensuring that the most stringent safety measures are taken regarding changing production processes, providing a safe and healthy working environment to the employees, preventing occupational diseases and achieving zero accident.

In the event of an occupational accident, the accident is analyzed by conducting an accident scene investigation and accident root cause investigation with the employee who had the accident, the relevant department manager, occupational safety specialist, workplace physician and employee representative, and actions are taken with all relevant parties to prevent the accident from recurring and to eliminate possible risks.

Vestel's Occupational Health and Safety Policy is available [here](#).

Employee representatives play an important role in the rise of participation in the activities related to occupational health and safety in the plants and in the follow-up of the activities. Each department has an elected employee representative. Ensuring the identification of sources of danger and risks, demanding necessary measures to be taken, representing employees at relevant meetings, taking part in risk analysis and occupational safety activities are among the duties of chief employee representatives. Employees are encouraged to report any unsafe situations and behaviors they encounter, potential accident risks, suggestions and requests through the occupational health and safety portal and/or the notification points located in the plants. Each notification is evaluated and analyzed on site together with the relevant department manager, occupational safety specialist and occupational physician, and necessary action plans are created.

Vestel provides personal protective equipment to all employees within plant areas, specific to their work and fulfilling certain standards. The Company conducts regular checks to ensure the safety of equipment. Occupational hygiene and indoor environment measurements are regularly made by accredited organizations every year and Vestel takes necessary measures in case of non-compliance. Periodic medical examinations are conducted for all employees. Vestel approves the entry of chemical substances into the factory by performing technical and preliminary evaluations and taking the opinions of the occupational safety expert, workplace physician and officials of the relevant department. It allows the use of chemicals after the completion of field trials and employee trainings.

Within the framework of the understanding of suitable work for the employee and suitable employee for the work, which is the most important principle of preventive health services, working conditions are determined and necessary health restrictions are specified in the employment examinations carried out even before the employees are accepted to work. Within this framework, employees assigned to appropriate positions are included in regular periodic medical examinations planned according to both their own health status and the risks in the current duty area. Necessary work arrangements are made for changing health conditions, thus preventing both occupational diseases

Vestel aims to ensure the most stringent safety measures regarding changing production processes and to provide a safe and healthy working environment to the employees.

and work accidents and ensuring the most efficient work of employees. By providing outpatient examination and treatment opportunities for simpler health problems, workforce losses are prevented, and only employees who need further examination and treatment are directed to higher level health institutions. All risks in the production site and common areas are evaluated together by the workplace physician and OHS experts, and the fastest possible solutions are put into practice. Thanks to the extensive measures taken under the leadership of the Vestel Pandemic Management Board, which was formed with a similar mindset, production was not halted for a single day due to the pandemic and the safest working environment was provided for employees. In the period when the severity of the pandemic decreased, gradual normalization plans were implemented and repeated increases in cases were prevented.

Vestel Elektronik continued to provide OHS trainings to all employees and organized a total of 150,991 hours of basic OHS training during the year.



ISO 45001 Certificate remained valid after the audit carried out in 2022.

Thanks to the fast actions and measures taken during the pandemic, the "COVID-19 Safe Production Certificate" obtained in 2020 has been renewed in 2022.

OHS Performance Indicators²

Employees	2019	2020	2021	2022
Number of Fatalities	0	0 ✓	0 ✓	4
Lost-Time Injury Frequency Rate ³	26.69	19.88	24.92	26.42
Severity of Accidents ⁴	0.21	0.15	0.21	0.71
Occupational Disease	0	0 ✓	0 ✓	1

Contractor 1' Employees	2019	2020	2021	2022
Number of Fatalities	0	0 ✓	0 ✓	0 ✓
Lost-Time Injury Frequency Rate ³	5.75	12.03	5.20	16.80
Severity of Accidents ⁴	0.1	0.16	0.06	0.12
Occupational Disease	0	0 ✓	0 ✓	0 ✓

¹ Contractor 1 includes data belonging to the company providing cleaning services.

Contractor 2' Employees	2019	2020	2021	2022
Number of Fatalities	0	0 ✓	0 ✓	0 ✓
Lost-Time Injury Frequency Rate ³	-	7.48	18.40	5.80
Severity of Accidents ⁴	-	0.03	0.15	0.02
Occupational Disease	0	0 ✓	0 ✓	0 ✓

¹ Contractor 2 includes data belonging to the company providing catering services.

² Represents the consolidated data of Vestel Elektronik, Vestel Beyaz Eşya, Vestel Komünikasyon and Vestel Ticaret companies.

³ Lost-Time Injury Frequency Rate = Total Number of Occupational Lost Time Accidents x 1,000,000 / (Total Working Days - Non-Working Days) x Daily Working Duration

⁴ Severity of Accidents = Total Number of Lost Days x 100 / (Total Working Days vs. Non-Working Days)



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

CORPORATE CITIZENSHIP

Vestel continues to expand its social contribution in various social and environmental issues, taking into account the needs of the society. Out of the Sustainable Development Goals, it organizes various social projects focusing primarily on Quality Education, Gender Equality and Decent Work and Economic Growth.

In 2022, Vestel contributed a total of TL 27.5 million to community investments, including social sponsorships as Vestel Group of Companies.

Sponsorships

Vestel became the “Main Sponsor of Women’s Volleyball National Teams” and “Official Sponsor of Men’s Volleyball National Teams” in accordance with the new agreement signed with the Turkish Volleyball Federation in 2020. The agreement covers all age groups in the national teams category. In parallel with the sponsorship agreement, Burhan Felek Volleyball Hall, the only international volleyball hall in Istanbul, will be named as “TVF Burhan Felek Vestel Volleyball Hall” for three years.

Vestel continues to support the development of volleyball in Türkiye and increase interest in volleyball, through communications such as the “We Are A Country of Volleyball” launched in 2021. The “We Are A Country of Volleyball” communication has received a total of 45 awards to date, making it one of the most awarded works in the sector.

Corporate philanthropy investments

	2022
Cash contributions* (TL)	26,357,435
Total hours spent by employees participating in volunteering programs during working hours	2,903
Donation in kind (TL)	1,190,681
Administrative expenses (TL)	127,860

* Social sponsorships and cash donations

Ratios of corporate philanthropy investments

	2022
Donations	17%
Community Investments	65%
Commercial Initiatives	18%

In 2022, Vestel became the “Main Sponsor of the Turkish Gymnastics Federation” and the “Main Sponsor of the Gymnastics National Teams” under a new agreement signed with the Turkish Gymnastics Federation. The agreement covers all branches in the national teams category. Ongoing sponsorships in 2022

include Trabzonspor Football Team, Kastamonu Municipality Youth and Sports Club Women’s Handball Team, Manisa Metropolitan Municipality Sports Club Basketball Team, Denizli Merkezefendi Basketball Club and sailing racer Okyanus Arkan.



As part of its support for the arts, Vestel sponsored Nusrat: Iron and Blood documentary film.



As part of its support for the arts, Vestel sponsored Zorlu PSM and Nusrat: Iron and Blood documentary film. Vestel aimed to inform the society with the success story of the Nusrat ship, which sheds light on our history and played a major role in the victory of Çanakkale, and to bring the society together with culture and art. Zorlu PSM sponsorship covers Vestel PSM Radio and Vestel Amfi. Vestel PSM Radio reaches a wide audience, while PSM's popular open-air venue Amfi offers a brand new experience.

Elim Sende (You Have My Hand)

Launched in 2021, Elim Sende (You Have My Hand) project is implemented under the cooperation of the Gender Equality (GE) Working Group, Vestel, Provincial Directorate of Family Labor and Social Services, Women's Guest House Directorate and Violence Prevention and Monitoring Centers (ŞÖNİM). The project has two phases:

- During the first phase, Vestel responds to the major household appliances and electronic appliances needs of the Women's Shelters providing protection and accommodation to women who are in the process of psychological, social, and economic healing after being exposed to physical, emotional, sexual, economic and verbal abuse or violence.

- In the second phase, Vestel responds to the household appliances and electronic appliances needs for homes where these women establish an independent life upon leaving the women's shelter.

Elim Sende (You Have My Hand) Project aims to improve the quality of life of women staying at women's shelters and accompanying children, strengthen public-private sector collaboration in the solution of social problems, offer social and corporate support to women survivors of violence, contribute to their plans to lead an independent life, improve their qualifications through vocational training, integrate them into working life and, thus, ensure equal opportunities and gender equality. In 2022, a total of 12 products were donated to four women.



TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

CORPORATE CITIZENSHIP



Walker for Disabled Animals

Launched in 2018, the project aims to produce walkers for disabled animals and make their lives easier. As a result of the activities carried out between 2018 and 2022, Vestel donated 35 walkers in total, which it designed from the parts of its major household appliances that completed their useful life for disabled animals in need of help and care.

Through the project it implements in cooperation with Manisa Metropolitan Municipality and MOSTEM (Private MOSB Vocational and Technical Anatolian High School), Vestel aims to reach more animals in need. The project, which has received many international and local awards, won the Green Dot Industry Award in the ÇEVKO "Environmental Social Responsibility Practices" category in 2022.



Do It Yourself Workshops with Vestel

DIY Workshops with Vestel is a project developed with the aim of establishing coding workshops in schools that are lagging behind in socio-economic development by making use of major household appliances allocated for recycling. The workshops, which will be equipped by using waste in the production of educational materials, aim to support both zero waste and circular economy practices and the development of coding and digital skills of school-age children. The design and production of workshop equipment will continue after the project, thus contributing to raising awareness and spreading this culture.

Within the scope of the project, which was entitled to be supported by the Zafer Development Agency's Social Development Support Program, the first Vestel Do It Yourself Workshop was opened at Uşak University.

In line with Vestel's Circular Economy and Sustainability targets, 13 different groups of products were created with new designs and coding by using recycled

products. With the supplied filament machine, filament was produced by using APS raw material obtained from products or plastic waste generated in production lines. In this way, in addition to the use of recycled products, the necessary parts for the products can be obtained from the 3D printer produced within the scope of the project.

The project aims to reduce the purchasing rate as much as possible in line with Vestel's zero waste targets and to obtain products from recycled materials.

In addition to the work carried out, an interactive learning environment was provided for students who voluntarily supported design and coding in the workshop in Uşak. During the summer, internship opportunities were offered to selected students and the work continued within the Company.

The first of the workshops to be opened in 8 different socio-economically disadvantaged schools was held in Eşme Galip Çetin Secondary School in Uşak.

Other Contributions

In 2022, Vestel continued to organize various projects such as Tema Foundation sapling donation, disaster area aid, food donation to stray animals, and Red Crescent blood donation. Throughout the year, 11,930 kg of waste plastic caps were collected through the waste plastic cap collection campaign launched in 2011, and 3 battery powered and 2 manual wheelchairs and 1 hearing aid were delivered to those in need.

Working shoulder to shoulder with the Turkish Gymnastics Federation for the further development of Turkish gymnastics, Vestel expanded the scope of its cooperation with the Federation as its co-sponsor and the main sponsor of the Rhythmic Branch of the Turkish Gymnastics Federation with a new agreement signed in 2022. In this context, Vestel supports gymnastics in seven categories as the Main Sponsor of the Turkish Gymnastics Federation for men and women.

On May 15, 2022, the International Vestel Manisa Half Marathon was organized for the first time in cooperation with Vestel and Manisa Metropolitan Municipality. The event started in Manisa Atatürk City Park and covered a route that included Vestel City, one of Europe's largest single-site production facilities, and various locations in Manisa.

Vestel supports gymnastics in seven categories as the Main Sponsor of the Turkish Gymnastics Federation for men and women.

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TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

SUPPLY CHAIN

Vestel considers the supply chain as one of the key components of its business success and aims to create long-term environmental, social and economic value in the entire supply chain.

Vestel considers the supply chain as one of the key components of its business success and aims to create long-term environmental, social and economic value in the entire supply chain. Identifying potential risks and opportunities to improve and protect its value chain, Vestel attaches importance to being transparent in its supply chain and monitoring and reporting its performance. With its innovative structure, Vestel has adopted technology and innovation as a corporate culture since the day it was founded and continuously invests in the digitalization of its supply chain.

The pandemic has affected the whole world, causing disruptions in the global supply chain and making management difficult by affecting operations and processes due to the discrepancies between supply and demand. During the pandemic, Vestel successfully managed this process and ensured continuity in the supply chain thanks to its agility and ability to adapt quickly to conditions, diversity of its supply network, flexible production capability, effective sales and service channels, and experience in e-commerce. Vestel takes measures to mitigate risks such as increased costs



and production disruptions in the supply chain, and works to ensure diversity of suppliers and an efficient supply chain. The Company adopts a proactive approach to many unforeseen challenges in all operational processes from supply to production and from production to sales, and integrates its sustainable supply chain strategy into all its operations. Vestel's priorities in the supply chain stand out as quality, cost, safety, logistics and sustainability.

Vestel prioritizes local suppliers in supplier selection to ensure continuity in supply and production and to support local economic development, and works with

its suppliers to ensure that materials purchased from abroad are produced in Türkiye. In 2022, 72% of suppliers were local suppliers and 27% of payments to suppliers were made to local suppliers. Vestel identifies suppliers that have a critical impact on business processes. Critical suppliers are suppliers with high volume orders, suppliers providing critical materials, suppliers whose products, services and processes cannot be substituted, suppliers identified as a result of Pareto Analysis and Kraljic Matrix, suppliers offering materials, services and processes for automotive manufacturing. As of 2022, Vestel Group of Companies has 256 critical suppliers.

Evaluation and Audit in the Supply Chain

In order to integrate a sustainable supply chain into its entire value chain, Vestel considers the compliance of its suppliers with internationally recognized environmental, social and ethical standards and Zorlu Holding AŞ Supplier Code of Conduct among its primary responsibilities. Vestel expects its suppliers and all partners with whom it has business relations to adopt the same approach and comply with legal obligations. Vestel requires its suppliers to accept the Supplier Code of Conduct published publicly on the Vestel Purchasing Portal ("satinalma.vestel.com.tr" and "supplier.vestel.com.tr") and to register with the Supplier Life Cycle Management (SLC) system, which is a supplier management system. Vestel also includes the Supplier Code of Conduct in the contracts it signs with its suppliers. Supplier Code of Conduct is available [here](#).

Vestel manages its procurement processes in line with local and global laws and regulations without disregarding environmental and ethical rules. All stakeholders are expected to operate in line with these principles. Procurement processes are managed in accordance with Zorlu Holding AŞ Ethical Principles.

Vestel follows its Supplier Selection and Evaluation Procedure for the selection of suppliers. Different criteria such as the supplier's management systems, technological level, financial strength, supplier relations, compliance with corporate social responsibility policies and principles, environmental practices are taken into consideration. In addition,

full compliance is expected on issues such as human rights, legal compliance, non-employment of child labor, equality, and non-discrimination. In 2022, SQA (Supplier Quality Assurance) audits were conducted for 228 suppliers of Vestel Elektronik and audit reports were published.

Quality Audits

All new critical suppliers undergo a quality audit. In 2022, the rate of new suppliers evaluated according to social audit criteria (including child labor and forced labor) at Vestel Elektronik was 89% while 37 critical suppliers were audited. Trainings for suppliers are ongoing. In 2022, 1,428 suppliers received 4,902 hours of training.

ESG Audits

It is known that working with suppliers who are much more aware of sustainability, advanced and open to continuous improvement is critical to achieving the set targets. From this point of view, the Vestel Supplier Monitoring and Development Program was launched to enable suppliers to effectively participate in sustainability processes, understand and improve their current levels. Within the scope of this program, which was designed in line with Vestel's and its suppliers' vision of achieving their sustainability goals and which aims to inform, evaluate and develop suppliers on sustainability, suppliers are expected to share their data on environmental, social and governance (ESG) issues with Vestel through specified platforms and software and to participate in the evaluation studies to be carried out by independent evaluation institutions.

Vestel Supplier Monitoring and Development Program consists of four stages:

1. Training
2. Sustainability self-assessment questionnaire
3. Input and validation of environmental and social data
4. Audit

Following these processes, supplier sustainability scores are determined and reflected on supplier scorecards.

In 2022, 17 of Vestel's suppliers underwent business ethics audits. After the data collection and audit processes are completed, the program will continue with the grouping of suppliers according to sustainability criteria. 76% of the audited supplier companies are in the medium risk category of sustainability level, 6% are in the good category, and 18% are in the acceptable risk level category. All companies have successfully completed the program. Vestel aims to carry out the same program with the rest of the suppliers in 2023.

TECHNOLOGY AND HUMAN-ORIENTED TRANSFORMATION

SUPPLY CHAIN

In 2022, a total of 10 suppliers of Vestel Beyaz Eşya were audited as part of the Vestel Supplier Monitoring and Development Program. 80% of the audited supplier companies are in the medium risk category of sustainability level, 10% are in the good category, and 10% are in the acceptable risk level category. All companies have successfully completed the program. Vestel aims to carry out the same program with the rest of the suppliers in 2023.

Supplier Scorecard

Supplier Scorecards are prepared with the criteria and evaluations of the Quality, Supply, Sustainability and Purchasing Departments. Since 2020, 272 supplier scorecards have been prepared for automotive suppliers and areas of progress have been shared with suppliers. The Supplier Scorecard Project is planned to be expanded online to include other suppliers and contribute to the development of suppliers. By 2022, the online supplier scorecard project, the infrastructure and project design phases of which were completed, is expected to go live in 2023.

Vestel is committed to complying with the United Nations' guidelines and restrictions regarding 3TG minerals (tin, tantalum, tungsten and gold) and cobalt, and not purchasing raw materials from high-risk conflict zones or in a way that financially supports conflict.

High Risk and Conflict Zone Minerals

3TG minerals (tin, tantalum, tungsten and gold) and cobalt mined in high-risk conflict zones around the world are used for manufacturing electronics and durable major household appliances. Vestel is committed to complying with the United Nations' guidelines and restrictions regarding these minerals, and not purchasing these essential raw materials from high-risk conflict zones or in a way that financially supports conflict.

Contracts with suppliers and restricted material lists outline legal obligations and expected responsibilities regarding conflict minerals. Vestel Elektronik identifies raw materials by material groups and expects the suppliers of materials containing conflict minerals to fill out the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) and deliver it to us by uploading it over our online system. Vestel Beyaz Eşya examines raw materials within supplied products and identifies those containing conflict minerals during the testing of hazardous

chemicals. Suppliers using these minerals are contacted and asked to complete the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template (CMRT) and to repeat it annually. In 2022, Vestel Elektronik and Vestel Komünikasyon received commitments from 27 new suppliers and Vestel Beyaz Eşya received commitments from 25 suppliers not to use conflict minerals.

Vestel checks the supply chain for components supplied to the major household appliances plants to determine if they contain "Minerals Sourced from Conflict Zones". It informs suppliers about the issue in advance and takes necessary steps to ensure that the minerals specified in the regulation are not sourced from "Conflict Zones".

In this context, Vestel Beyaz Eşya carries out the following activities with its supply chain as part of its efforts to manage risks related to conflict minerals:

- Identifying products with a high probability of 3TG use,
- Identifying and evaluating supply sources,
- Working to ensure that suppliers adopt policies on conflict minerals consistent with Vestel Beyaz Eşya's policies,
- When a conflict minerals situation is detected or a risk is foreseen in the supply chain, ensuring coordination and, if necessary, terminating cooperation with risky suppliers and regularly sharing status information in the format provided by the regulation.

“Minerals from Conflict Zones” represents minerals extracted from mines controlled by armed groups in the Democratic Republic of the Congo and neighboring countries (Central African Republic, South Sudan, Zambia, Angola, Tanzania, Burundi, Rwanda, Uganda), referred to as “Conflict Zones”.

These minerals are columbite-tantalite (the metal ore from which the element tantalum is extracted), cassiterite (the main ore needed to produce tin), wolframite (the source of the element tungsten) and gold.

Contracts with suppliers and restricted material lists outline legal obligations and expected responsibilities regarding conflict minerals.



A NET-ZERO COMPANY



Vestel plans to generate 11,860 MWh of energy annually, reducing carbon emissions by 5,420 tonnes, and aims to continue increasing its investments in renewable energy.

Believing that resource scarcity and the fight against the climate crisis should be on everyone's agenda, from the public to the private sector, Vestel's investments in renewable energy and energy efficiency and innovative business models play an important role in the transition to a net zero emission economy.

Recognizing the need to trigger transformation in the entire value chain for a sustainable future, Vestel supports the reduction of energy consumption through operational improvements and innovative products by leveraging the power of Industry 4.0 and automation, and implements circular models to increase resource efficiency in production and reduce the environmental impact of its products.



THE JOURNEY TO NET ZERO

Vestel aims to achieve net zero emissions by 2050 and is working on its decarbonization plan as part of its commitment to set Science Based Targets (SBTi).

Climate Crisis and Net Zero Targets

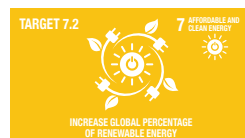
Vestel aims to achieve net zero emissions by 2050 and is working on its decarbonization plan as part of its commitment to set Science Based Targets (SBTi).

It is critically important to reach net zero in greenhouse gas emissions as quickly as possible to curb the climate crisis and keep global warming below 1.5 °C by 2050. To that end, the net zero targets declared by countries gain significance. The European Union aims to secure net zero emissions by 2050 through the EU Green Deal. As part of this target, it transforms its trading sectors. In addition to the EU, the USA and China, which are responsible for a considerable portion of greenhouse gas emissions today, have committed to reach net zero emissions by 2050 and 2060, respectively. Türkiye, on the other hand, ratified the Paris Agreement in 2021 and set a net zero emission target by 2053. The private sector plays a major role in reaching these targets declared by countries. Considering the number of actual employees, annual production capacity and the impact of global supply chains, the potential effectiveness of private sector action is evident.

Climate Crisis Action at Vestel

Vestel generated 175 MWh of electricity in 2022 with the 142 kWp solar panel installed on the roof of the facility that distributes energy to the refrigerator and washing machine factories. The Company plans to install 8,130 kWp solar panels on the roofs of the tumble dryer factory and additional buildings, generating 11,860 MWh of energy annually. Solar energy investments are expected to continue in the coming years.

In line with the global agenda, Vestel aims to reach net zero emissions by 2050, first in its own operations and then in its entire value chain. Moving towards becoming a climate-friendly company by promoting low-carbon technologies, Vestel took an important step towards achieving net zero in 2021 by issuing a commitment letter to set Science Based Targets Initiative (SBTi). To that end, Vestel aims to switch to technologies that cause less greenhouse gas emissions from production, increase renewable energy investments and manufacture products with high energy efficiency, less water consumption, less carbon emissions and a low environmental impact. As part of SBTi efforts, Vestel started a detailed process to collect data in order to calculate Scope 3 emissions in 2021. Accordingly, it will draft a plan for both operations and the decarbonization of the value chain.



A NET-ZERO COMPANY

THE JOURNEY TO NET ZERO



Vestel Beyaz Eşya has been reporting to the Carbon Disclosure Project (CDP) since 2012 and Vestel Elektronik since 2013. In the 2022 CDP report, where 2021 was evaluated, Vestel Elektronik's Climate Change score was B and the Water Program score was C. Vestel Beyaz Eşya's Climate Change score was A- and the Water Program score was C. Direct and indirect emissions within the boundaries of the organization are verified by independent third parties according to the ISO 14064 standard.

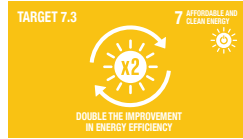
Climate Incentives: Since 2019, Vestel Beyaz Eşya has implemented a reward system for the employees working on assembly lines. In the reward system, the employees of assembly departments receive points when they achieve their targets defined for a pre-determined environment, energy and climate change performance indicators. Subsequently, the employees are ranked according to their scores at the end of each month. The top three departments receive Vestel Points. They can collect and accumulate these points to receive gifts from the award catalogue later.

abroad in a single shipment instead of multiple shipments. These improvements allowed Vestel to reduce carbon emissions by approximately 39.13 tonnes.

In terms of after-sales services, the call center responded to and resolved 389,960 calls without technician support in 2022, preventing 1,559,840 km of vehicle movement and 611 tonnes of carbon emissions. In 2022, Vestel kicked off a pilot project for TV and freezer product groups which supports customers to assemble their own products. This enabled the Company to transfer 9,813 different service items to customers, preventing authorized service vehicle movement. In 2023, Vestel plans to get its customers to deliver 25,000 services, eliminating the need for authorized service delivery.

Vestel uses environmentally-friendly refrigerants with very low global warming potential in all its refrigerators and tumble dryers. Moreover, in 2022, it reduced the quantity of refrigerant per unit product by 2,69% in the refrigerator group, by 4% in the tumble dryer group and by 9.6% in the air-conditioner group year on year.

Vestel and Regal decided to digitize most of the printed works to be used in their stores in 2023. Within the scope of the project, which will significantly reduce paper use and environmental pollution, themed catalogs, catalogs and monthly price sheets will be digitized. Simultaneously, the number of pages in inserts will be minimized. The ultimate goal is to digitize all printed materials.



Improvements in logistics operations such as increasing lower-emission transport and optimizing cargo play an important role in achieving net zero emissions in the value chain. Packaging optimization efforts help minimize space loss in container, truck and intermodal transfers for shipments from the Far East and Europe. At Vestel Beyaz Eşya, a total of 40,800 km of improvement was achieved in transportation in 2022 by focusing on domestic alternative resources. In addition, by activating the use of bonded warehouses, 13,416 km of improvement was achieved by purchasing tonnage from



Energy Efficiency

In 2022, Vestel Group of Companies implemented a total of 15 main energy efficiency projects, resulting in 7,200 MWh of energy and TL 18 million in savings. This is equivalent to the annual electricity consumption of approximately 1,940 people in Türkiye. The total amount of natural gas per unit product at the electronics plants was reduced by 4% compared to the previous year. On the other hand, total natural gas consumption per unit product in major household appliances plants was reduced by 3.7% and total hot water consumption by 27% compared to the previous year. Thanks to the projects, Vestel prevented 3,290 tonnes of carbon emissions.

Vestel instantaneously monitors the consumption of all energy points online at the Data Monitoring and Control Center of Vestel Beyaz Eşya, and keeps energy consumption under control in the light of the data obtained. Thanks to the Data Monitoring and Control Center, Vestel achieved energy savings of TL 6.2 million in 2022.

The Company runs information systems data centers over consolidated servers as much as possible. In this context, the number of physical servers is minimized, virtual servers are used and less energy is consumed. In addition, cooling systems in data centers ensure that only necessary areas are cooled. In 2022, the energy consumption of products sold in Türkiye improved by 3.3% for tumble dryers, 5.2% for air-conditioners and 2% for dishwashers compared to 2021.

CIRCULAR ECONOMY

Vestel focuses on increasing its contribution to the circular economy through its R&D studies.

The linear economy model applied today is based on “take-make-waste” processes. Ignoring the rising pressure on natural resources, this model paves the way for negative consequences such as economic loss and environmental pollution. In order to prevent these phenomena and protect the continuity of production, the adoption of cyclical models through which products are designed to be reintroduced to the economy and which accordingly changes the perspective on resources and waste, comes to the fore.

Circular Economy Solutions at Vestel

Vestel operates in a sector that consumes a large amount of resources such as electricity, water, concrete, steel, aluminum and polymers, which have high environmental impact. The Company focuses on increasing its contribution to the circular economy with its innovative approach and R&D efforts in all processes from design to production.

Many design innovations are carried out to reduce the use of raw materials during the design phase, so that fewer parts are used where possible. In addition to design changes, efforts are being intensified to increase the use of recycled and renewable materials. During the production phase, care is taken to reduce the amount of rework and to use existing molds. During the transport phase, it is important to optimize the amount of packaging to fit the most products in the container and to ensure that the amount of packaging is at the optimum level for product and human health. Through after-sales repair, reuse and renewal

activities, Vestel aims to extend the lifespan of Vestel products, facilitate their repairability, carry out R&D activities to reduce the costs required to make them ready for reuse and thus contribute to the circular economy. Accordingly, to facilitate the repair of products, all parts are designed to be accessible during repair. The adoption of circular economy models, repair, recycling and upcycling efforts play a critical role in preventing the global waste problem, while at the same time developing new business models that will provide financial benefits. Vestel supports the repair and reuse of products and continues its efforts in this area.

Vestel participated in the Circular Transitions Indicators (CTI) training program organized with BCSD Türkiye to measure its circular economy performance in 2022. Using the CTI Tool software, the total circularity metrics of Vestel production facilities were measured in terms of materials, energy and water. According to 2021 assessments, Vestel's total circular performance was measured at 27.39%. 12% of raw material inputs are obtained from circular sources. An evaluation of products and waste reveal that 39% of outputs are circular. Within the scope of this program, raw materials and products that will increase circularity the most have been identified. Relevant risk and opportunity analyses were conducted and action plans were subsequently prepared to improve the results of the Circular Transition Indicators.

A NET-ZERO COMPANY

CIRCULAR ECONOMY

The Company also participated in the industrial symbiosis program with BCSD Türkiye. The outcomes of this program are being evaluated.

Product Recovery and Repair

Under the Material Inspection and Recovery Project, Vestel ensures that the products are repaired and that the defective materials are repaired and reused. Vestel authorized service providers are responsible for collecting all defective materials replaced in the field. The recovery unit ensures that repairable materials are brought into the system as spare parts for subsequent product repairs and that other materials are sorted according to their scrap class and recycled. The recovery unit evaluates the materials and spare parts replaced for malfunction for reuse and repair those which are available for repair. Thus, the materials that have financial value for the Company are recovered, resulting in economic gain, and potential environmental impacts are prevented by reducing the quantity of potential electronic waste as well. In 2022, 41,213 spare parts were recovered and TL 7.5 million was saved through these efforts.

Products that are replaced under warranty are delivered to the Replacement Products Evaluation Center (DÜDEM) in Vestel City and those that can be repaired are refurbished at the Refurbishment Centers, Central Repair and Recovery Centers and offered for sale at Vestel Outlet stores and some dealers. In 2022, a total of 62,984 products were renewed and recycled into the economy, and 91 of the renewed products were donated as part of social support. Non-refurbishable products are recycled through a licensed recycling company.

In order to identify the recyclability rate of its products, Vestel had a specialized recycling company measure the sample products selected from 11 product categories.

Vestel complies with the European Union Directive 2012/19/EU on the management of waste electrical and electronic equipment (WEEE) and the Regulation No. 32055 of December 26, 2022 on the Management of Waste Electrical and Electronic Equipment. Informative guidelines on how to categorize and recycle major household appliances prepared by i4R, established in line with the 2012/19/EU Directive and of which Vestel Beyaz Eşya is a member, are shared to help recycling/recovery facilities.

Domestic Recycling Project

With the Domestic Recycling Project, consumers who want to take a step towards a sustainable world are included in the recycling ecosystem, contributing to the recycling of electronic waste without harming the environment. Unused old electronic products are collected by Vestel authorized service providers from the consumer's home by appointment, delivered to Vestel via reverse logistics, recycled under appropriate conditions and the proceeds from the sale to the recycling company are donated to non-governmental organizations for use in environmental projects. Within the scope of the project, afforestation works were carried out with the seed ball method by means of drone in areas where planting trees is difficult. 500,000 seed balls were dropped as part of the collaboration with Ecording.



Vestel Product Category	Recyclability Rate (%)
TV	79
Set Top Box	97
Electric Vehicle Charger	95
LED Lighting	100
Refrigerator	85
Dishwasher	68
Washing Machine	63
Tumble Dryer	93-100
Oven	82-98
Air-conditioner	98
Water Heater	89

Second Hand Phone Refurbishing

As per the Regulation on Refurbished Products issued by the Ministry of Trade of the Republic of Türkiye, Vestel Customer Services has been authorized to refurbish and sell smart phones and tablets in a certified way.

Under the same regulation, the Central Repair and Recovery unit affiliated to Vestel Customer Services was granted the Refurbishing Authorization Certificate by the Ministry following the Service Competency Certificate issued by the Turkish Standards Institution (TSE). Vestel is authorized by this certificate to refurbish and sell the smart phones and

tablets of all brands in a certified way. Vestel will sell all refurbished products on its website www.yineyenicep.com launched for the sale of refurbished products. It also aims to prevent the generation of e-waste while achieving financial gain through this practice launched as a new business model.

In 2022, a decision was taken to launch a leasing model for refurbished products. When the study is completed, consumers will be able to rent refurbished products from the website www.yineyenicep.com. In this way, Vestel aims to contribute to the circular economy by reducing non-essential use.

Waste Management

Vestel primarily focuses on preventing, reducing, recycling and recovering waste generation in all its activities carried out within the scope of the Zero Waste Management System.

Waste generated at various stages of production is separated at source and stored in temporary waste storage areas. All collected waste is sent to licensed waste companies in accordance with the Waste Control Regulation. Vestel conducts regular audits of waste companies to ensure that waste is recycled or recovered in an appropriate way. Waste is monitored in all processes to reduce environmental pollution, while recycling and recovery are supported.



Vestel is authorized by this certificate to refurbish and sell the smart phones and tablets of all brands in a certified way.

A NET-ZERO COMPANY

CIRCULAR ECONOMY

With its zero waste approach, Vestel recycles or recovers 91.5% of its production waste.

Zero Waste

With its zero waste approach, Vestel recycles or recovers 91.5% of its production waste. As per the Zero Waste Regulation, it ensures that the waste in the facilities is separated in an appropriate way, and trains its employees on waste. In 2021, Vestel digitalized the environment and zero waste trainings in order to reach all employees. Within the scope of the studies carried out, the continuity of the Zero Waste Certificate obtained in 2021 is ensured.

From a circular economy perspective, some waste bins were made using production-based waste. Vestel also makes use of its food remnants under the Zero Waste practice. In 2022, 1,747 kg of compost obtained from waste was used in Vestel's own green areas, while 99.4 tonnes of food remnants was donated to stray animals.

Use of Recycled Plastics and Reduction of Plastics

Carrying out efforts to reduce the consumption of plastic raw materials and plastic waste generated in production processes and offices, Vestel has made a commitment to reduce the use of plastic and reuse it by recycling under the Business World Plastics Initiative, of which it is a signatory.

Recycling the production and engineering waste and residues generated throughout all processes under the cooperation of Production, R&D and Quality Control teams and reusing them in its products and product components, Vestel Elektronik has aimed to use a total of 1,887 tonnes of recycled plastics including 629 tonnes by the end of 2021, 629 tonnes by the end of 2022 and 629 tonnes by the end of 2023. In line with this commitment, 704 tonnes of recycled plastics were used in 2022, exceeding the target. Besides, Vestel aims to improve TV product and packaging designs without compromising on quality and durability and reduce the use of plastics by 831 tonnes by the end of 2023 when compared to the base year 2020 through the activities to be performed under the cooperation of its R&D and Production units.

Vestel Beyaz Eşya cooperates with domestic and foreign suppliers and start-ups in order to ensure the availability of recycled and alternative plastic raw materials. By recovering the wastage generated throughout production processes. The Company aims to use 4,344 tonnes of recycled plastic by the end of 2022 and a total of 7,081 tonnes by the end of 2023 in products and



Vestel has started to use FSC-certified, 100% recycled cardboard in the packaging of its refrigerator and dishwasher products.



components, starting from 2021. Besides, Vestel will improve the product and packaging designs of all major household appliances and reduce the use of plastics by 1,000 tonnes by the end of 2023 when compared to the base year 2020 through the activities to be performed under the cooperation of its R&D and Production units. Throughout 2022, a total of 28 tonnes of plastic use was prevented by

preferring cardboard boxes instead of using EPS in packaging materials. Vestel Beyaz Eşya exceeded its commitments for the 2021-2022 period, reducing 232 tonnes of plastic in packaging materials and 2,689 tonnes of plastic in products. It used 5 tonnes of bio-based plastic materials and 4,573 tonnes of recycled plastic. Thus, it prevented the use of 7,499 tonnes of unprocessed plastics in total.

In 2022, Vestel prevented 248,608 trees from being cut by using a total of 14,624 tonnes of recycled cardboard.



Packaging Management

For the first time in Türkiye, FSC (Forest Stewardship Council) certified and 100% recycled cardboard began to be used in Vestel refrigerators and dishwashers as of 2021. In 2022, this practice was implemented for all Vestel branded major household appliances in the domestic market. In 2022, the Company prevented 248,608 trees from being cut by using a total of 14,624 tonnes of recycled cardboard. Vestel prefers paper-based resources with international certificates for the sustainable consumption of such resources.

Similar work for televisions is expected to be completed in 2022. In 2022, Vestel prevented 376,635 trees from being cut by using a total of 22,155 tonnes of recycled cardboard as Vestel Group of Companies.

A NET-ZERO COMPANY

WATER STEWARDSHIP

Vestel focuses on minimizing water consumption, which it considers as one of the biggest risks in manufacturing processes.

Vestel supplies the water used in manufacturing processes from the tap water and well water of Manisa Organized Industrial Zone (Aegean Free Zone for the Vestel Komünikasyon production facility). It is aware of the pressure on water resources and accordingly, aims to introduce water recovery models that improve its impact.

Vestel focuses on minimizing water consumption, which it considers as one of the biggest risks in manufacturing processes. In order to achieve this, the Company strives to develop and expand water-efficient projects and to recycle water. Vestel reports all its water management processes to CDP, and its water footprint is verified by independent third parties in accordance with the ISO 14046 Water Footprint Standard. It also discharges the wastewater to the treatment plant of Manisa Organized Industrial Zone (Aegean Free Zone for the Vestel Komünikasyon production facility).

Water is recycled in the paintshops, one of the largest water consumption points. As a result of the optimization implemented in the refrigerator paint shop, Vestel eliminated the rinsing process and saved 43,600 m³ of water as well as 785 MWh of energy. Thus, it saved as much as the annual water consumption of 523 people. The Company aims to expand the project to other paintshops.

Water stress is a phenomenon in which water use is restricted and does not meet supply when water demand exceeds available water resources over a given period of time, or when water quality deteriorates. Vestel factories were analyzed using the WWF tool and a high physical risk due to the Gediz Basin was identified.

Vestel Elektronik factories have 3 main meters for High-End, Digital and Central Buildings. These main meters are broken down by submeters, especially in areas where water consumption in processes is high, and detailed traceability is ensured. For industrial water to be used in production processes, raw water supplied from MOIZ/coming to the factory is subjected to softening process to bring it to the desired criteria.

Water consumption occurs in many areas such as paintshop, plastic injection, production evaporators, R&D laboratories, dining halls, kitchens, green area irrigation, pergolas, and the use of sinks. In order to protect existing water resources and reduce the burden on clean water resources, water is reused in the paintshop process.

Every month, water quality criteria are analyzed by MOIZ officials by taking samples from the wastewater outlet points of the Central and High-End factories – from two different points. The results of the analysis conducted by MOIZ are evaluated by both Vestel Elektronik and MOIZ officials. Pollution parameters of wastewater are below legal limits.

There is 1 main counter at Vestel Komünikasyon factory. In this factory, where water use is very low, there is no industrial water consumption due to production activities. Therefore, there are no mandatory water criteria for the process. The only water consumption originates from employees. The wastewater from the factory is sent to the Izmir Municipality's treatment plant through ESBAŞ waste water channels. Analyses of wastewater are carried out by ESBAŞ Organized Industrial Zone and shared with relevant parties. Incoming wastewater analysis results are evaluated by both ESBAŞ and Vestel. Pollution parameters of wastewater are below legal limits.

Vestel Komünikasyon plant does not provide kitchen service within the facility boundaries for employee catering. Ready-to-eat meals are purchased from ESBAŞ for the employees. In addition to the awareness raising trainings provided to reduce consumption at the Vestel Komünikasyon factory, the use of sensor faucets was preferred in areas where water is used.

At Vestel Beyaz Eşya, water monitoring is carried out by three departments. Of the three sections, namely Auxiliary Facilities 1, Auxiliary Facilities 2 and Auxiliary Facilities 3, only Auxiliary Facilities 1 has a deep well, while the water supply of the other two facilities is met from MOIZ tap water. At Vestel Beyaz Eşya Auxiliary Facilities 1, an average of 560,000 m³ of water is supplied from deep wells annually.



Vestel Beyaz Eşya factories use a total of 952,000 m³ of water, including 560,000 m³ of deep well water and 392,000 m³ of MOIZ tap water. This 952,000 m³ of water consumption primarily covers domestic water (dining halls, sinks), process water (paintshops, machine cooling systems) and water treatment systems to obtain soft water (dining hall dishwashers, paintshops) and pure water (paintshops).

The water quality at Vestel Beyaz Eşya is monitored by each auxiliary facility by conducting daily water analyses in its own area of responsibility and twice a month through a consultant chemical supply company which analyzes water taken from specific sample points. In addition, project work is ongoing on an instant monitoring system for all water conditioning at the facilities. When this project is implemented in the first quarter of 2023, all water treatment processes will be monitored instantaneously with a monitoring system. Any negative conditions identified with instant observations will be eliminated through immediate intervention.

At Vestel Beyaz Eşya, all auxiliary facilities receive water from water sources in their area of responsibility, and deep well water, if any, first goes through a filtration system and then into the collection stock pools. This water in the stock pools is sent to water softening/purification systems and pure water production systems according to the need. In addition, tap water supplied by MOIZ is put into use after pre-filtration and treatment processes.

In Vestel Beyaz Eşya's water treatment facilities, all water (drinking water, process water, raw water, soft water, pure water) is analyzed twice a month, on the 1st-5th and 15th-20th days of each month.

In addition, Vestel Beyaz Eşya takes samples once a month from the infirmary and has the water analyzed by the Manisa Public Health Directorate. Moreover, MOIZ has its tap water analyzed twice a month by Manisa and Izmir Public Health Directorates and shares the result report with the Company via e-mail.

Vestel Beyaz Eşya continues to work on water recycling projects as part of its sustainability efforts. Rainwater collection projects were implemented and 1,263 m³ of rainwater was collected in 2022. Work is being carried out to further promote the project. With the wastewater recovery project implemented in the reverse osmosis pure water production device, 22,346 m³ of water was saved. The cooling tower wastewater recovery project saved 1,564 m³ of water. Chiller wastewater recovery and paintshop wastewater recovery projects are ongoing.

In water treatment and wastewater recovery project efforts, firstly, water samples are taken from the regions within the scope of the project and the design of the treatment system or recovery system is developed and prepared for use according to the analysis results. Instant online monitoring and measurement of water parameters for treatment and water recovery is provided by system automation. In addition to this system, the system is verified by analyzing a daily sample.

The water footprint, a measurement used to determine the impact and share of humans on regionally depleted or polluted freshwater resources, is verified by independent third parties within the framework of the ISO 14046 Water Footprint Standard.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER



Vestel believes that its products and services will play a key role in building a sustainable society.

To create environmental and social benefits with its products and thus to respond to the needs of consumers to the greatest extent, Vestel aims to make life easier through smart, high-quality, safe products and services.

Vestel attaches importance to the accessibility of its fully-fledged solutions by all segments of the society.

Prioritizing customer experience and investing in digital service platforms, Vestel strives to continuously improve its performance in the electronic appliances and major household appliances sector, where it is positioned as an innovative technology company.



PRODUCTS AND SOLUTIONS CREATING BENEFITS

While rendering the lives of consumers easier by developing smart and connected products, Vestel also continuously improves its performance with the products it develops by accurately analyzing evolving consumer expectations.

Aiming to create environmental and social benefits through its products and to offer consumers accessible, easy, smart and cost-efficient products, Vestel focuses on high energy and water efficiency in its products and continuously advances its targets in this area. Increasing the number of products with reduced environmental impact and high efficiency through its R&D and innovation efforts, Vestel allocates a significant portion of its R&D budget to developing smart products creating benefits.

While rendering the lives of consumers easier by developing smart and connected products, Vestel also continuously improves its performance with the products it develops by accurately analyzing evolving consumer expectations. Vestel observes quality and product safety in all production processes.

ELECTRONIC PRODUCTS

In line with the rapid developments in display technologies, especially TV products, Vestel continued to develop innovative products in 2022 as well. It has expanded the product family of information screens and special driving circuits, image processing techniques and scalable display designs that it has developed for common platforms with TV through LED chip technology for commercial use. In addition, it brought together television designs integrated

with platforms such as YouTube, Netflix, Google and Amazon under the “Smart Home” concept.

Visual Solutions

Vestel Visual Solutions operates in a wide range of sectors, including primarily education, healthcare and tourism sectors, as well as retail, food, transport and finance sectors. In line with sectoral needs, Vestel offers high-tech solutions to customers with products such as interactive LED smart boards, VideoWalls, information screens, LED Walls, Totems and smart boards. Offering capabilities such as management from a single center and publishing documents in various formats, these screens can perform advertisement, promotion and information activities anywhere thanks to various models and sizes.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

Vestel continued to work on screen technologies also in 2022 and engaged in R&D activities in various areas such as OLED TV, 8K TV, LED screen technology, backlight unit, wide color gamut, high dynamic range, quantum point technology, high brightness, resolution, contrast and safety and motion stabilization technology. With the new MB400 motherboard, which was completed during the year and was sold for the first time, the Company's responsiveness to market demands was improved. Thanks to the high processing power provided by the new motherboard, Vestel partnered with active content management software companies in the sector and embraced its 2023 vision with more solid foundations. In line with this vision, the Company aims to expand LED Wall products, the first shipment of which was made in 2022, and to focus on the Hotel TV area in the hospitality industry.

In 2022, Vestel won the Best Stand Award at ISE2022 Barcelona, the largest and most comprehensive exhibition in the sector, and became the headline sponsor at AVAwards2022 London, raising awareness on Vestel in the professional displays sector.



Vestel offers LED lighting products with high energy efficiency in the road and street lighting category.

LED Lighting Products

Vestel offers LED lighting products with high energy efficiency in the road and street lighting category. These products save up to 40% energy, do not harm the environment and human health thanks to their mercury-free composition, and reduce waste generation as they can be used for over 100 thousand hours.

In addition, thanks to the smart lighting interface, additional energy savings can be achieved by remote control and dimming of lighting. Through LED fixture conversion, Vestel also contributes to boosting traffic and pedestrian safety by achieving required light distribution and luminous flux level along the roads by 90%.

It is closely following the project on the transformation of traditional street fixtures used in street and avenue lighting in Türkiye to LED, carried out by Türkiye Elektrik Dağıtım AŞ (TEDAŞ) and the

Ministry of Energy and Natural Resources of the Republic of Türkiye. Vestel is among the companies the products of which were initially approved under the project. In 2021, 21 Electricity Distribution Companies purchased 1,000 LED fixtures each as part of the pilot purchases mandated by TEDAŞ. In 2022, these purchases reached 82,000 units. In the coming years, it is aimed to convert all conventional street lighting used in Türkiye to LED. This means the replacement of approximately 7 million street lighting fixtures in total. In order to benefit from this potential, it is planned to offer competitive product solutions to the market with new design investments.

Approximately 24% of global greenhouse gas emissions originate from fossil fuels used by transportation vehicles. Therefore, the widespread use of electric vehicles plays a critical role in tackling the climate crisis.

Vestel contributes to transition to a net zero economy with the chargers it produces for electric vehicles.

Electric Vehicle Chargers

Approximately 24% of global greenhouse gas emissions originate from the fossil fuels used by transportation vehicles. Therefore, the widespread use of electric vehicles plays a critical role in tackling the climate crisis. Playing an important role in transition to a net zero economy and becoming increasingly widespread, electric vehicles increase the need for charging stations in public and private areas. Widespread use of charging stations in public spaces not only meets the needs of existing consumers, but also supports the increased use of electric vehicles. In this context, Vestel Elektronik positions itself as the solution partner of corporate clients with its electric vehicle chargers, and strives to respond to the needs and expectations of consumers in the best way possible. Through the electric vehicle chargers it sold in 2022 (compared to the use of gasoline internal combustion engines), Vestel reduced the carbon footprint by approximately 81,000 tonnes.

With the DC charging units that enable fast charging with 60 kW, 120 kW, 150 kW and 180 kW power, the Company contributes to the transformation of electric vehicles and the widespread use of fast charging stations both in Türkiye and in foreign markets. Vestel aims to start mass production of 240 kW DC products in the coming period.

Battery Technologies

Vestel, which designs and manufactures Li-ion battery packs to meet customer needs with its Battery Management System (BYS) hardware and software developed thanks to its R&D activities initiated in 2018, has developed and started the production of the first domestic electric bicycle battery. Vestel meets, even exceeds all industry standards and requirements in its battery production facility and has established accredited safety and quality laboratories. All e-bike batteries by Vestel, in addition to the mandatory EN62133 certification, also hold the new EN50604-1 certification, which the industry is expected to make mandatory starting from 2023 or 2024. In addition to the focus on safety, performance and quality, the needs of end users are also included in the battery design process. Durability has been increased with the use of UV-resistant materials and remote after-sales service is provided with the Bluetooth module. In addition to electric bicycles, Vestel is also developing Li-ion battery packs for the wireless battery-powered vacuum cleaners product line, which is becoming increasingly popular, and for ventilators.

In the battery product group, the production journey starting from low voltage continues towards high voltage products. Vestel also designs Li-ion batteries for base stations to meet the needs of the telecom industry. With an energy storage capacity of approximately 5 kW, these battery packs can be used in the telecom sector as well as other commercial storage areas. In addition, with the development of their compatibility with other energy system elements, they will be able to meet the need for storage in renewable energy solutions.

While the area of use of batteries is increasing day by day, Vestel aims to meet the needs of its customers by developing tailor-made solutions in battery technologies that can meet the needs of different sectors.

Automotive Electronics

Operating in the fields of automotive electronics, infotainment systems and digital dashboards, Vestel carries out projects to design and manufacture products such as motherboards, control cards, LCD and OLED displays, in-vehicle wireless charging units and telematics control units for the automotive industry.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

Motherboard Production

Vestel Elektronik manufactures motherboards for product groups such as major household appliances, TVs, smart boards, LED lighting, electric vehicle chargers, automotive lighting and information systems, batteries and set-top boxes. In addition to Vestel products, the Company also provides motherboard production services to external customers, thereby expanding its customer portfolio and increasing customer satisfaction. Within the scope of different collaborations, vacuum cleaner electronic cards have been produced for customers since 2019, hood electronic cards since 2020, and pump electronic cards and motor electronic cards since 2021. The production of deep freezer electronic cards started in 2022.

Automotive production, which started with automotive lighting cards in 2019, started to include automotive infotainment screens, control panel screens, and control units in 2022. Vestel launched sample studies and initial production in 2022 to manufacture ventilator electronic cards, and aims to start mass production in 2023.

Small Domestic Appliances

With more than 100 vacuum cleaners, irons, electric kitchen appliances and electric hair care products in the small home appliances product group, the aim is to provide consumers with the best experience and raise their living standards.



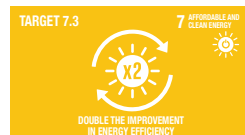
MAJOR HOUSEHOLD APPLIANCES

Energy-Efficient Products

Designing products with the highest energy efficiency class in the market, Vestel offers consumers refrigerators, washing machines, tumble dryers, dishwashers, cooking appliances and air-conditioners that are resource efficient and user-friendly thanks to the technologies it has developed. Vestel designs tumble dryers with weight sensors. Thus, the most efficient drying mode is selected by determining the amount of load in the machine and energy saving is achieved. Ovens with HeatWrap technology can simultaneously cook the meals in 5 different trays evenly, while induction hobs provide much higher heat efficiency than gas hobs.

Designed and manufactured by Vestel, which continuously increases the energy efficiency of its products;

- The washing machines are 40% more energy efficient than the A energy class and consume the least amount of energy known in the market. In addition, thanks to the load sensing technology, both energy and water consumption are kept at optimum levels according to the amount of load detected.
- A energy class (A+++ - 30% class according to the old regulations) dishwashers and C energy class (A+++ - 10% according to the old regulations) dishwashers as per the new energy regulations stand out as products with high energy efficiency.
- Tumble dryers have the lowest energy class known in the market with an energy value of A++++ -20%.
- Vestel develops A Class products that consume approximately 3 times less energy than the best-selling refrigerators in the market.





“A Energy Class” Dishwashers

With the double water tank technology designed and developed for dishwashers, products with A energy class according to the New Energy Regulation (A++++ -33% energy class according to the old regulation) were added to the product range. This technology saves 0.1 kWh/hour of energy per wash and 30 kWh/hour of energy per year compared to B energy class products on the market.

“C Energy Class” Dishwashers

In dishwashers, the “C” energy class product was developed to meet the increasing demand for energy efficient products in the market. This technology saves 0.1 kWh/hour of energy per wash and 30 kWh/hour of energy per year compared to D energy class products on the market.

The new Vestel refrigerator, which consumes 2% less energy than the A Class energy level, is 70 cm wide and high in volume, offers low power consumption, a sustainable interface and high performance that can meet the average consumption needs. Highly demanded and used in the market, the refrigerator offers many advantages. The product is consumer and environmentally friendly with the energy savings achieved as a result of the freezer and cooler compartments operating completely independent of each other thanks to the valve routing and parallel cycle due to the cooling structure. The air duct design details in the cooler and freezer compartments achieve high energy with a balanced cooling structure. The use of recyclable plastic and mechanical parts also contributes to sustainability as well as high energy efficiency.

Water-Efficient Products

In addition to energy efficiency, Vestel also focuses on water efficiency and its products are among the most water-efficient in the market. Vestel’s high water-saving products include dishwashers that consume 5.4 liters of water per wash, saving 45% more than the market average, dishwashers that save up to 3 liters of water per wash with “Aquazone” technology compared to conventional technologies, and washing machines that consume 32 liters of water per wash, saving approximately 35% water with “Twinjet” technology.

The water recovery system, for which work was initiated in 2022, aims to save 5 liters of water per household per run and 1,250 liters of water per year by using the clean water condensed in the tumble dryer for washing.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS



Through Aquazone technology, Vestel reduces the water consumption rates of dishwashers up to 3 liters per wash.

With Twinjet technology, water consumption in washing machines can be reduced to 32 liters per wash.

Vestel produces dishwashers that save up to 45% more water than average products, and washing machines that save up to 35% more water.

Products Reducing Plastics Pollution

Released from clothes made of plastic-based materials during washing, microplastics mix with wastewater and then flow into rivers and seas, causing an increase in water pollution and deterioration in the aquatic ecosystem. Vestel aims to support the reduction of water pollution with washing machines equipped with microfiber filter system which it has developed and for which it has applied for a patent. Washing machines with this technology are available in a wide range of 8 kg, 9 kg and 10 kg capacities.

Vestel became a member of APPLiA's Consortium on Microplastics Release in 2021, and is striving to take a more active role in global initiatives.



As part of sustainability efforts, built-in ovens and cookers were produced using recycled plastic materials. On the other hand, glass and textile yarn waste is also processed in recycling facilities and used in production.

All plastic parts of the built-in oven are made from recycled plastic, while the 60 cm gas built-in glass hob has a recycled metal grill, recycled tempered glass cooking surface and recycled aluminum burners, and the hob knobs are made from textile yarn scraps.

In the packaging system, sustainable products are packaged with sustainable parts with the help of studies on the use of cardboard-derived materials. 60 cm stoves are completely packed with cardboard viol pieces. Thanks to its durability, this packaging system also ensures that the product is sent safely to the end user. Built-in oven products are packaged without EPS, with cardboard-derived honeycomb panels and viol parts. Styrofoam parts are replaced with recyclable cardboard-derived parts, reducing the amount of plastic waste every day.

In order to reduce the use of plastics, Vestel aims to increase the use of bio-based raw materials instead of petroleum-based raw materials. Efforts are underway to use the bio-based raw material used in the water channel cover in more parts in mass production.

In packaging, the target is to transition to recyclable EPS in styrofoam. Efforts are underway to ensure that packaging elements such as shrink, strip and packaging bags can be used with recyclable materials. In addition, upon customer request, products can be packaged with honeycomb cardboard and foldable cardboard without using EPS styrofoam.

Thanks to recycled materials, the carbon footprint of products and packaging is reduced, contributing to a sustainable environment.

Refrigerators produced with Daylight technology help preserve food in a fresher and more natural way for a longer period of time by cleaning the air inside the refrigerators and increasing the air quality that foods come into contact with.



Products for Changing Consumer Needs following the COVID-19 Pandemic

Continuing its efforts to respond to the changes in consumer demands due to the COVID-19 pandemic in the best possible way, Vestel developed the “Daylight” technology, which provides consumers with a high level of hygiene in refrigerators, dishwashers, washing machines, tumble dryers and air-conditioners. The products manufactured with this technology, which is based on the natural protective nature of clean air fed by sunlight, increase the air quality at the points of contact and protect consumers against harmful organisms.

Daylight technology, when used in dishwashers, ensures that almost all bacteria on the dishes are destroyed.

Refrigerators produced with Daylight technology help preserve food in a fresher and more natural way for a longer period of time by cleaning the air inside the refrigerators and increasing the air quality that foods come into contact with.

Internal units of Vestel Daylight Inverter air-conditioners are equipped with a UV-C hygiene system that purifies sucked ambient air at certain rates, thus disinfecting the air.

Washing machines with Daylight technology offer a high level of hygiene with daylight, fast daylight and baby clothes programs while they also lead to energy savings with the fast daylight program that performs hygienic washing at low temperatures. The waterless daylight cleaning program, on the other hand, can safely hygienize items that consumers use daily, such as keys and wallets, in the washing machine thanks to the specially designed sterilization unit.

The dryer with Daylight technology provides a high level of hygiene with daylight, fast daylight, baby clothes and ventilation programs. With the daylight ventilation program, consumers’ belongings such as keys and wallets can also be safely hygienized thanks to the basket function that can be added to the dryers.

“Daylight-Pro” products with UV-C technology help meet the increasing hygiene needs of consumers, while offering energy and water efficiency.

“Daylight-Pro+” products with UV-C technology

The “Daylight-Pro +” technology developed for dishwashers helps respond to increasing hygiene needs of consumers against bacteria and viruses, while at the same time enabling energy and water efficiency with its waterless operation and disinfection technology.

If fruits and vegetables get the daylight they need after they are picked, they continue to maintain their vitality for a while longer. Vestel Vitamod Technology, which mimics to daylight, preserves the vitamin C and antioxidant content of fruits and vegetables just as in their natural environment and contributes to consumer health by supporting the immune system.

NEFES air-conditioner breaks new ground by providing consumers with the comfort of both air purifier and air-conditioner at the same time. In addition to its air-conditioning features, the product continuously measures the indoor air quality level, informs the user and cleans the air automatically thanks to its advanced technology.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

When the air cleaning is completed, it offers a pleasant environment to customers with its lighting feature that can be adjusted in different colors.

Thanks to its unique efficient cooling technology, the BUZZ Inverter air-conditioner has an effective cooling capacity of up to 55° C ambient temperature, allowing users to reach comfort conditions at high temperatures faster.

Vestel rapidly identifies the needs of changing consumer habits and responds to them with its technological infrastructure. As a result of the change in food consumption habits during the pandemic and quarantine period in particular, the demand for healthy food consumption increased.

Developed for consumers who want to prepare healthy fermented foods at home, the new generation MAYA refrigerator allows easy preparation and storage of seven different foods that require fermentation such as dough, yogurt, kefir, vinegar and pickles with automatically adjusted temperature and time functions.

Equipped with maximum freshness technology in addition to fermentation technology, Vestel's MAYA Refrigerator ensures that the gases formed by the respiration of fruits and vegetables are removed from the environment so that food is stored for a longer time without losing its nutritional value.

Equipped with the maximum freshness technology in addition to the fermentation technology, Vestel MAYA Refrigerator ensures that the gas formed by the respiration of fruits and vegetables is removed from the environment, so that food is stored for a longer time without losing their nutritional value. In addition, the active ion technology sends negatively-charged ions into the refrigerator, neutralizing positively-charged bad odor molecules and increasing air quality. The fermentation compartment can be used as a freezer or cooler when desired while the functions of other compartments can be adjusted according to the consumer's preference, and it achieves energy saving with special compartments that can be turned off when not in use.

If fruits and vegetables get the daylight they need after they are picked, they continue to maintain their freshness for a while longer. Vestel Vitamod Technology, which mimics to daylight, preserves the vitamin C and antioxidant content of fruits and vegetables just as in their natural environment and contributes to consumer health by supporting the immune system.

With the "Şef Gibi Pişir" technology available in Vestel smart built-in ovens, more than 150 recipes prepared by professional chefs, ranging from Turkish Cuisine to World Cuisine, can be accessed via the Evin Akıllı application. In this way, the built-in ovens automatically apply the optimum temperature, function and time required for the ideal cooking of the recipes in the application. This digital



service is also offered to consumers abroad under the name Be A Chef.

Vestel's new technologies to prevent food waste, introduced at the IFA 2022 Fair, attracted great interest among consumers. The Company's smart inventory tracking technology, Full Indoor, monitors products on refrigerator door shelves. The EggMinder technology in the Full Indoor system monitors the shelf life and quantity of eggs in the refrigerator and provides information in three different colors – green, yellow and red – according to the remaining shelf life of the eggs. IntelliShelf technology monitors the weight, freshness and expiration dates of the products on the refrigerator door shelves.

According to the 2021 UN Food Waste Index Report, 931 million tonnes of food is wasted annually in the world and 7 million tonnes in Türkiye. The innovative technologies developed in Vestel products help prevent food waste. The humidity control mechanism in the vegetable compartment helps keep fruits and vegetables fresh for up to 30 days, while the FreshCheck odor sensor monitors the ripening process of fruits and vegetables and informs users about their freshness level.

Air-Conditioning Products

VRFsystems (Variable Refrigerant Flow) are defined as air-conditioning systems developed to meet the needs of today's smart buildings, where multiple indoor units (maximum 64 units in a single system) can be controlled independently of each other with the help of an outdoor unit and gas flow distributors. Vestel offers a combination of comfort, aesthetics and high efficiency with its wide range of air-conditioning products. In addition to high heating and cooling efficiency values, average energy savings of 30%-40% compared to equivalent systems increase the demand for these products. Meeting the demands of its customers through site survey, heating-cooling load calculations, design-projecting and implementation (installation), Vestel successfully uses VRF air-conditioning systems in places such as offices, shopping malls, luxury apartments, villas, restaurants, plazas and hotels where independent ventilation applications are required.

Offering its customers both economical and energy-efficient solutions with its wide range of multi inverter and split air-conditioners, Vestel closely monitors new technologies in the sector and utilizes them in its products, while leading the sector in the development of new technologies. Vestel also carries out projects aimed at optimizing the resources used in its processes and reducing its environmental impact.

Product Designs in Compliance with New Regulations

In addition to products that meet the expectations of the European market in terms of energy, water and material efficiency, Vestel has already started product development activities in compliance with technical standards and regulations, which will set even higher targets in the near future, and thus aims to introduce new technology environmentally friendly products to the market at costs accessible to the end user.

In addition to energy and water efficiency, Vestel has completed the design and productization phases by researching technological solutions to prevent the mixing of microplastics from laundry products into seawater, which is considered a priority issue by the EU in terms of its environmental impact.

Vestel also conducts R&D studies on material technologies that reduce the use of materials and increase their recyclability, designs products that will take advantage of tax exemptions that will be introduced in the near future, and develops design solutions that minimize the need for service throughout the life cycle of products.

In line with the European Union's 2030 targets, Vestel has completed product design and production transitions in compliance with the new energy class regulation defined by the European Union for the post-2021 period in the wet and cold product groups in major household appliances, and has made washing machines in A energy class, the highest energy efficiency class, and dishwashers in B energy class ready for mass production. The Company continues to develop products in A energy class in the refrigerator product group.

In addition to the European market, design and adaptation studies for more efficient and environmentally friendly products for the American, Middle East and African markets have been completed in accordance with the new energy efficiency regulations that came into effect in 2022. Vestel continues its product development efforts to comply with the new energy regulations defined by the European Union for the Hot and Air-Conditioning product group (oven, stove, air-conditioner, dryer, etc.) that will come into effect in 2025.

The Company studies alternative materials for chemicals that are planned to be banned or restricted in the near future, and investigates their safety and performance effects on its products. In addition, efforts are underway to replace the fluorinated gas refrigerant used in the refrigerator, dryer and air-conditioner product groups with a new, more environmentally friendly and energy efficient fluid.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

PRODUCTS AND SOLUTIONS CREATING BENEFITS

SMART AND CONNECTED PRODUCTS

The naturalization of the impact of digitalization on human life and the fact that it is no longer an additional feature but a standard function has increased both the development, adoption and demand for smart and internet-connected technologies. The focus of key consumer expectations in this area has created an opportunity for smart cities, smart homes, smart devices and new revenue models based on these technologies. In order to closely monitor new opportunities and to increase Vestel's influence in creating these opportunities, the Company joined the Home Connectivity Alliance (HCA), which is co-founded by technology giants, at the Board of Directors level, and the Connectivity Standards Alliance (CSA) as a participating member. Thanks to the new roles it has assumed, Vestel aims to carry forward the cooperation efforts initiated with technology companies such as Amazon, Google and Innit.



In 2022, 40% of major household appliances sold in the domestic market consisted of smart products.



Vestel signed new agreements as a result of cooperation with digital service providers. Thanks to years of R&D studies on big data, the Company launched internet-based TV products such as Android and Amazon Fire TV. Steps were taken towards the adoption of technologies with the potential of creating new sources of income such as displaying targeted advertisements on smart TVs, the dissemination of voice recognition technologies through Vestel products, the analysis and use of data stored on the cloud and offering additional services to consumers through subscription, and contributing to a sustainable stream of income.

In order to replicate its international contributions to technology in the domestic arena, Vestel is involved in joint projects with Togg, Türkiye's electric car



brand. To ensure that consumers feel the technology at every point of their lives, the Company has started the process with smart products and is expanding it with smart city solutions. While it has accelerated our work on data security and analysis with activities to create a big data platform, Vestel has developed an ecosystem that can serve all connected products and works in harmony with current technologies and voice assistants.

Thanks to its technological infrastructure, Vestel responds to consumer expectations by developing smart products that can be remotely controlled via wireless communication. Consumers who own Vestel products with wireless communication technology can manage their products with Evin Akli application. In addition, with the Veezy application developed for customers abroad, products with control features over wireless communication, which have started to be produced in the Turkish market, can also reach customers abroad.

Through the smart billing feature added to the indoor and outdoor unit software and mobile application of Vestel air-conditioners, users can choose the amount of bill they want to spend over the app, and monitor the amount of bills and energy consumption on a monthly and daily basis. In this way, the application enables users to save energy. In addition, if 80% of the entered invoice amount is reached, it is recommended to switch to the economic mode by informing the user.

Vestel Customer Services informs customers with all signals received from the product and stands by them whenever necessary in order to improve the user experience in smart products. With a more flexible and agile structure, data from smart products can be used to create records at authorized services without the need for the customer to notice the problem, and user habits can be predicted thanks to the data received from the product. Based on this data, Vestel continues to develop user-specific product protection measures, usage tips and maintenance information mechanisms.

Through the smart watches, smart scales, smart sleep light products in Vestel VFit® product group and the Vestel VFit+ mobile application to which these devices are connected, we provide users with data such as movement, water consumption, sleep quality and body mass index necessary for a healthier and fitter life.

Vestel removes the barriers to accessing its products and services thanks to the use of the 100% voice-oriented application BlindLook.



PRODUCTS AND SERVICES FOR PERSONS WITH DISABILITIES

As a manufacturer that cares about the needs of the visually impaired, Vestel, in cooperation with BlindLook, a 100% voice-oriented application, removes barriers to access to its products and services thanks to the audio world developed by BlindLook. The user can benefit from all services and products integrated into the application with Audio Simulation technology. All functions of products are recorded on the application, and users are guided simultaneously. With this inclusive service, Vestel has become one of the brands holding the EyeBrand Certificate.

In 2022, Vestel added voice command features to the Vestel Evin Akı application to support access to technology for visually impaired customers. This technology, which works in harmony with screen reader programs, audibly conveys to visually impaired users the steps to be followed when using Vestel's products and platforms and guides the consumer.

Besides, subtitles and audio description information from the streaming are processed as a standard feature in all TV products. In addition, Vestel offers solutions for color blindness with the high resolution feature and for shortsightedness with the magnification feature.

Accessible Authorized Service Providers

Vestel opened Türkiye's first Accessible Authorized Service Provider in Istanbul, Avcılar in 2018, and strives to ensure that all authorized service providers throughout the country are "Accessible Service Providers". Accessible authorized service providers serve disabled customers with the aim of offering the highest level of customer experience by providing them with the opportunity to easily access anywhere they want to reach. Arrangements are made at accessible authorized service providers, such as front door entrance ramp, accessible toilets and sinks, yellow direction lines for the visually impaired, a customer representative who knows sign language for the hearing impaired, and direction signs. Authorized service providers are granted the title of three-star, two-star and one-star Accessible Authorized Service Provider depending on the criteria of accessibility they fulfill. Accordingly, a total of 26 Vestel Authorized Service Providers (4 authorized service providers in the three-star category, 20 authorized service providers in the two-star category and 2 authorized service providers in the one-star category) were entitled to become Accessible Authorized Service Providers.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

QUALITY AND PRODUCT SAFETY

Continuously reviewing and improving its production processes in order to manufacture products that are accessible to consumers and meet high quality and safety standards, Vestel designs and offers products that comply with national and international standards, meet customer expectations and comply with the standards established as a result of internal evaluations. The ISO 9001 Quality Management System guides Vestel in all these processes. Vestel Quality Policy is available [here](#).

In terms of product quality, Vestel performs the quality control of products according to the internationally-accepted control criteria by using necessary testing equipment in the factory. The products being developed during the design phase are transferred to mass production after receiving approval from safety, electromagnetics compatibility, durability-reliability and quality assurance (safety and performance) tests. The Company inspects the mass production by performing electrical safety tests of products within production lines and according to the sample rate set at the production lines. No product has been recalled or withdrawn from the market in the last three years for quality and safety reasons.

Based on its sensitivity on quality and product safety, Vestel expects suppliers to produce according to certain criteria. Being aware of its responsibility towards our customers, Vestel avoids the use of materials and substances that may harm the environment and human health, adversely affect the standard of living when they turn into waste, or cause other negative consequences, and expects the same from its suppliers.



The documents Vestel requests from suppliers vary by the product group supplied. The Company regularly reviews the Restricted Materials List it publishes and demands full compliance from suppliers. Suppliers are required to have a test report showing compliance with the European Union's Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive, compliance with the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), battery test reports from accredited organizations, and declarations and test reports stating that they do not use harmful chemicals on the Substances of Very High Concern List (SVHC). Suppliers are informed about the Regulation No. 30105 on Registration,

Evaluation, Authorization and Restriction of Chemicals (KKDİK) prepared by the Ministry of Environment and Urbanization of the Republic of Türkiye within the scope of harmonization with the European Union REACH Regulation, and those covered by the Regulation are required to complete the registration process.

Vestel regularly informs employees about product quality and safety, and aims to raise their awareness through trainings. In 2022, the Company provided a total of 6,570 person x hours of quality and product safety training to employees.



Product Safety Tests

All product groups manufactured by Vestel or sold through outsourcing can be tested at Vestel Product Safety Laboratory. Through the studies in the laboratory, products are checked against all risks that threaten human life such as electric shock, fire, overturning, overheating or explosion in the field in line with international standards. The Product Safety Laboratory is accredited by TÜRKAK (Turkish Accreditation Agency) in accordance with ISO 17025 standard and authorized by independent approval bodies such as Verband der Elektrotechnik (VDE), Technischer Überwachungsverein (TÜV), INTERTEK and DEKRA. The laboratory also offers external services in line with its existing infrastructure competence, experience and accreditation.

In 2022, approximately 5,000 products out of various product groups such as TV, satellite receiver, major household appliances, lighting, information technology products, batteries, small domestic appliances and AC/DC electric vehicle charging stations were approved in the laboratory. The engineers working in the laboratory also play a role in the creation of international standards and offer training in institutions such as the Turkish Standards Institution (TSE) and Information Technologies and Communications Authority (BTK) by leveraging the experience they have gained in standards within the accreditation work. In addition, suppliers are required to obtain certificates from organizations that are open to international traceability (UL, VDE, etc.) for safety components. They are required to obtain a Safety Approval Certificate. Detailed information about all laboratories is available [here](#).

TOTAL QUALITY MANAGEMENT

Vestel keeps product safety and quality at the highest level by testing products and manufacturing processes regularly. In order to ensure that customer demands are fully understood and met, risks and opportunities that will affect the quality of the product are identified and all necessary measures are taken and monitored by the management.

The Quality Management System is established, documented and implemented in accordance with TS-EN-ISO 9001 standards. All procedures, instructions and quality plans required to ensure the effectiveness of Quality Management Systems are monitored through an online documentation system and their up-to-dateness is continuously checked. In terms of product quality, Vestel performs the quality control of products according to the internationally-accepted control criteria by using necessary testing equipment in the factory. All product groups manufactured by Vestel or sold through outsourcing are tested at Vestel Product Safety Laboratory.

In line with the targets set to produce quality products, monthly statistical reports, meeting minutes evaluating these reports, achievements against targets, internal audit results and corrective actions are continuously monitored. Improvement studies are carried out with the philosophy of continuous improvement and the studies are recorded on an online platform.

Quality Day events are organized to raise employee awareness and draw attention to quality. All newly recruited employees are provided with training on quality perception, thus creating sustainable quality.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

CUSTOMER EXPERIENCE



Vestel is constantly improving its services to more than 1 million retail customers in Türkiye and more than 2,300 corporate clients globally.

Vestel strives to improve customer satisfaction and loyalty with high-quality, safe services and expert service staff, and to offer personalized and uninterrupted services with digital and smart solutions. The Company is constantly improving its services to more than 1 million individual customers in Türkiye and more than 2,300 corporate clients globally. It observes international standards in customer management processes. Vestel continues to perform its activities under ISO 10002 Customer Satisfaction Management System and TS EN ISO 18295-1 Customer Communication Centers System held by Vestel Customer Services.

It is important to monitor performance in order to boost customer satisfaction and loyalty. For this reason, customer satisfaction is monthly measured among a group of customers who regularly receive repair and installation services from Vestel and is reported quarterly. In 2022, the customer satisfaction score was 89, the customer loyalty score was 89 and the after-sales service satisfaction score (Vstar; Service satisfaction survey NPS score) was 90. Vestel's goal is to improve its performance on scores up to 90 and maintain satisfaction and loyalty levels on scores in the range of 90-100. In addition, the number of complaints submitted to Vestel Customer Services decreased by 27% year-on-year. The aim is to resolve all complaints within seven days.

Vestel Customer Satisfaction Policy is available [here](#).

International Sales Channels, Dealer and Distributor Network

Vestel has an extensive dealer and distributor network in Türkiye, including 1,334 Vestel and Regal dealers and 12 Finlux distributors. Across Europe, Vestel sells six global brands in electronics, nine brands in major household appliances, and more than 500 ODM brands in total over more than 900 distribution channels through subsidiaries, dealers or chain stores. Outside Europe, Vestel Ticaret has 50 distributors, nearly 100 exclusive sales outlets and 2,000+ sub-dealers and sales outlets, selling electronics and major household appliances under the Vestel, Regal, Vestfrost and Finlux brands.

Under the local management budget intended for accelerating the retail sales of dealers, support is offered to dealers in three areas such as store focal product, store turnover target and communication support. These activities aim to boost store traffic, brand recognition and retail sales. Communication activities and campaigns are organized under “Focus Province” to boost sales at dealers within selected provinces.

In 2022, trainings were offered to the employees of dealers on effective communication, sales techniques and smart products under the Development Program for Dealer Sales Representatives and 287 dealers and distributors received training for 4,873 hours in total. In 2022, 6 different programs were organized on the dealer channel. Of these, 4 were designed for Vestel dealers and 2 for Regal dealers. In addition, 178 videos totaling 2,186 minutes were shot and shared.

Within the framework of the “Dealer Business Partners Development Program”, half or full-day physical and online trainings were organized for Vestel dealers. In addition to these trainings, webinars were also held.

Besides, online webinars were held in 2022 for the owners of dealers on topics such as leadership, team communication, business management in the face of market uncertainties, and the effective use of social media.

Vestel measures the satisfaction of all of its customers who have received installation and repair services and who have given communication permission through digital channels. In addition, special satisfaction surveys are conducted by telephone among a group of customers receiving services and reported quarterly.

	2019	2020	2021	2022
Customer satisfaction	85	85	88	89
Customer loyalty	86	86	90	89
Number of customers responding to the satisfaction and loyalty survey	2,246	2,167	3,174	3,199
After-sales service satisfaction score	82.05	80.18	82.50	90.00

Store Experience

Vestel prioritizes keeping the customer experience at the highest level while offering convenient, accessible and high quality products to consumers, and closely monitors the demands, expectations and needs of consumers in order to improve the customer experience. By using user experience research methodologies such as A/B testing, Vestel effectively identifies consumer preferences and habits, and shapes campaigns depending on the results out of these tests.

Next Generation Retailing Approach: Vestel Ekspres

In 2020, Vestel launched the Vestel Express store concept, a small-square-meter Vestel Express store with a digital display application, offering customers a shopping experience on digital screens and applications such as fast delivery, improving and differentiating the customer experience. Under the next generation Vestel Ekspres Store concept introduced in various cities, especially in Istanbul, Izmir, Bolu, Bursa and Antalya, the evolving shopping habits are responded, the online purchasing experience is blended with physical retail, consumers are offered opportunities such as instantly finding the product they want, fast comparison and same day delivery and installation. Vestel Ekspres stores aim to further enhance the consumer experience by developing special digital applications in line with new generation retailing. As of the end of 2022, there are 132 Vestel Ekspres stores.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

CUSTOMER EXPERIENCE

A Brand New Store Concept: Cafe Vesto

Vestel stores in Beşiktaş, Zorlu Center, Levent 199 and Bahçeşehir in Istanbul and Karşıyaka and Alsancak in Izmir were designed with a café concept as part of the Cafe Vesto concept, which combines café and store concepts to enhance the customer experience. Cafe Vesto allows customers to get to know Vestel products while having a pleasant time, and also introduces visitors to new flavors in line with the “Possible with Vestel, Why Not?” motto.

Vestel My Project Partner

Developed with the aim of offering result-oriented and effective solutions to customers, Vestel Project Partner was formed by bringing together LED Lighting, Air-Conditioning, Hotel & Construction Projects, Digital Solutions and Public Sales Departments under a single roof. With teams of experts in their fields, Vestel My Project Partner offers professional and most appropriate solutions to all needs in public and private sector projects, starting from the design phase. To this end, corporate clients’ needs, demands and current challenges are identified and analyzed in the fastest and most accurate way to design customized products accordingly.

Ethical Marketing and Advertising Practices

In its marketing communication activities, Vestel provides transparent and accurate information about all its products and services, does not publish misleading and deceptive advertisements, and complies with the relevant rules and laws. There are no exaggerated statements about the social and environmental impacts of the work, nor is there any communication that may adversely affect children. The Company acts in accordance with competition law and does not make statements that will damage the reputation of our rivals or competitors. Detailed information on this subject is available in the **Ethical Principles**.



E-commerce

The e-commerce sector, which has grown all over the world as a result of changing consumer habits and rapidly increasing digitalization after the pandemic, continues to develop. In the first 6 months of 2022, e-commerce volume in Türkiye increased by 116% year-on-year to TL 348 billion. The position of e-commerce has led to significant changes in retailers' strategies, with many focusing on building an omni-channel presence and making their online platforms as important as their physical locations. E-commerce platforms, which stand out in customer experience and ease of use, continue to develop in terms of creating benefits for the customer. With this vision, Vestel shapes its services and practices by adopting an integrated retail approach, and continues to work to improve the online shopping experience both on www.vestel.com.tr and in its corporate stores on leading online marketplace sites. Vestel determines its actions in line with its goal of reaching 25% online turnover in Türkiye by 2030.

Responding to technical needs more easily and centralizing online customer data with its cloud-based e-commerce infrastructure, Vestel aims to ease its customers worries regarding online shopping by combining its services under secure shopping.

Vestel is pioneering the development of the retail sector in Türkiye with the innovations it has brought to the retail sector, while bringing a new perspective to online shopping. By granting the title of Vestel Authorized Online Dealer to dealers who meet the criteria set by Vestel, the Company enables consumers to shop with the Vestel guarantee, while

Vestel takes actions in line with its goal of reaching 25% online turnover in Türkiye by 2030.



maintaining Vestel standards with the sales and after-sales services it offers. Continuing to strengthen and develop the Vestel Online Ecosystem by adopting a customer-focused approach, Vestel differentiates itself from competitors in the sector with the Authorized Online Dealers project, supports its dealers in making sales on online sales channels with an integrated retail approach, and offers excellent experience, secure shopping and privileged services on all channels preferred by consumers.

In a world where consumers need more flexible options, Vestel diversifies its services to stand by consumers at every step of the customer journey through both online and physical stores. In addition to being able to access the product they

want on the website, consumers can see which store stocks the product they are interested in with the Find Stock service. Via the e-appointment service, customers can choose the time they want for the delivery and installation of their orders. With detailed shipment tracking, it is possible to access all steps of your orders from the website to delivery. Products that do not require installation can be returned from the corporate store, even if they are purchased online. If a return request is created on the website, the products to be returned through the authorized service providers are received from the customers' door.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

CUSTOMER EXPERIENCE

It is ensured that the orders placed through online channels are delivered and installed within 24 hours by referring them to the store which is the closest to and the most appropriate for the consumer thanks to Vestel's smart order algorithm and wide network of dealers and service providers. Called **Delivery in 24 Hours**, this practice allows for delivering products to consumers in a fast and safe way.

The **Live Store** service allows consumers to make video calls with corporate store sales specialists, see products and get information about products, bringing the physical store experience as close as a click of a button.

The **See at Home** project, which utilizes **Augmented Reality (AR)** technology, enables customers to see the products they wish to purchase as if they were placed at their home. Thanks to the 360-degree visuals of the products, consumers can both examine the products in full detail and experience in advance how they will look in the area they want to position them in their homes.

With **Live Chat**, consumers can have written conversations with product consultants and submit their comments and requests to Customer Services live via WhatsApp, Telegram and support channels.



With **My Digital File** service, vestel.com.tr members can access all the information and documents they need such as the remaining warranty periods, user manuals, invoices, shipping status, serial numbers, etc. for the products they have purchased under a single roof, and submit their requests and comments about their products.

Vestel continues to make investments, strengthen its technical infrastructure and improve its processes in order to develop the concept of **Secure Shopping**. To this end, the secure e-commerce infrastructure was strengthened thanks to the **Trust Stamp** obtained in 2022, the **ETBİS QR code** and the completed **Security Test Report**.

Vestel continues to work to make consumers' lives even easier with new services and to help them experience the vestel.com.tr difference.

The portal "**There is a Solution for Everything Here**" (Self-Service Customer Support Portal) contains all information and solution contents about the products offered to customers. Through **Çözümüvar** website, positioned as Digital Vestel Customer Services, the Company plans to offer consumers a good digital experience. Thanks to the portal, users can sort out product malfunctions by following the content steps without the need for a technician, examine the product features and purchase them through a link to vestel.com.tr. In addition, they can access information and solution content without the need for a call center representative, create repair and installation related requests, benefit from services such as additional warranty, TV software download, maintenance and spare parts request, and make the discovery process required before purchasing an air-conditioner



without the need for an authorized service provider. In 2022, a new feature, the Domestic Recycling call creation service, was added to the website. The unused electronics and major household appliances of the customers who create a call for Domestic Recycling are collected by appointment and free disassembly service is provided if needed, regardless of brand. In cooperation with Ecording, for each product sent to recycling, a seed ball is dropped on behalf of the consumer by unmanned aerial vehicles in areas that are difficult to plant trees in. In addition, the income from recycling is donated to the AHBAP Association to be used in the protection of natural life.

In 2022, 2,277 Domestic Recycling volunteers joined the Domestic Recycling process with 4,677 products. The scrapping of 2,537 of these products has been completed and the process is ongoing for the remaining products. In addition, 200,000 seed balls were released into the nature, generating a donation amount of TL 93,000.



ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

AFFILIATES

VESTEL VENTURES

Vestel Ventures Ar-Ge AŞ (Vestel Ventures) is an investment company founded by Vestel Elektronik in 2015 to support new ventures and add new areas of business to Zorlu Holding. In addition to investing in 25 startups, Vestel Ventures has established various programs and organizations to develop the entrepreneurial ecosystem, developed various programs within Zorlu Holding to render innovation a way of doing business, and offered training to countless employees on this subject.

Believing that startups will liberate life, increase social impact and efficiency, and make a difference with their innovative styles thanks to their respective areas of operations and ways of doing business, Vestel Ventures offers entrepreneurs Vestel's know-how and facilities at all stages of productization such as product design, industrial design, multi-screen interface design, prototyping, testing, certification and production. The Company supports startups with its experts in various areas they need help, such as marketing, accounting, human resources, patent, and law. Vestel Ventures is a company that various corporate firms consult on the establishment, and management of their investment departments as well as the execution of their innovation activities and it also helps external companies in order to develop an ecosystem throughout these activities.



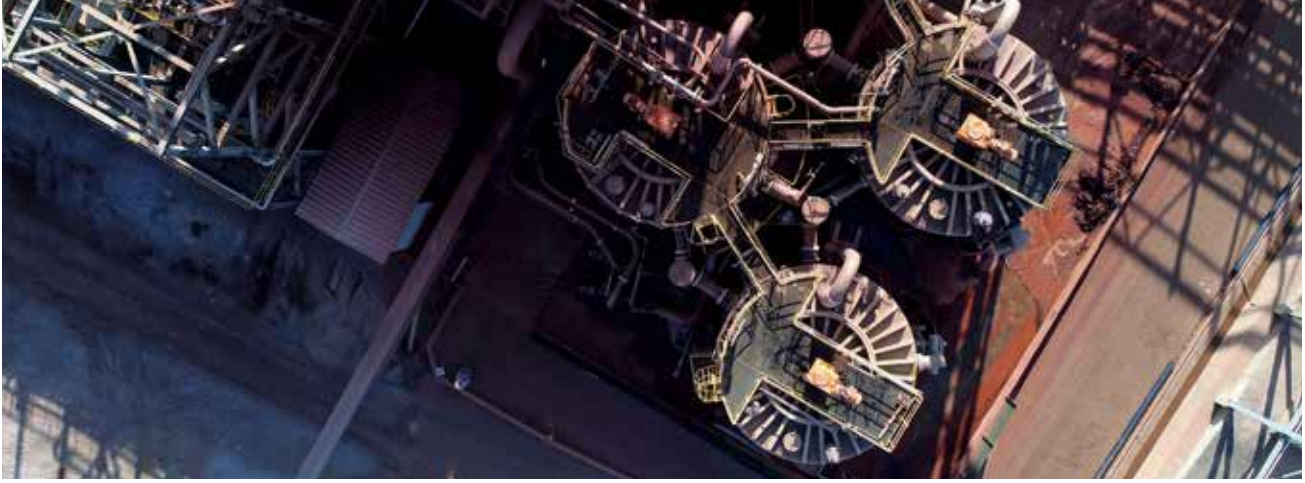
Vestel Ventures brings together the startups in which it invests with Zorlu Group companies, ensuring the establishment of new business lines with the speed and agility of startups, thus stepping into new areas of activity. The experience gained in various sectors facilitates the expansion of Vestel's experience pool, the improvement of competencies and transition to new areas.

Vestel Ventures also plays an intermediary role in bringing together entrepreneurs with companies under Zorlu Holding, making them the customers of startups and collaborating with them. The outputs achieved as a result of these collaborations contribute to Vestel's intellectual property rights and lay the groundwork for ideas that will improve the patent pool.



Apart from the ventures in which it invests, Vestel Ventures also organizes many different support programs such as the Z-port Program for other domestic and foreign startups with strong innovative features in the ecosystem, mentoring entrepreneurs and enabling them to meet Zorlu Holding companies. The creative and entrepreneurial human capital of these ventures, which developed thanks to the leverage of Vestel, finds the opportunity to work together with Vestel employees in this process, and cultural interaction develops between entrepreneurs and the employees of Zorlu Group thanks to this synergy.

Vestel Ventures offers Vestel's strength in R&D and design, as well as its experience in production, marketing, distribution, sales channels, legal issues, human resources, business network resources and management to entrepreneurs as a strategic partner. Vestel Ventures also



intermediates entrepreneurs in accessing these funds through Vestel's experience in state-backed grant funds in Türkiye and its network of venture capital funds in Europe and the US. Entrepreneurs are guided on domestic and international intellectual property rights and support is offered for research and application. Supporting successful startups to go beyond the borders of Türkiye, Vestel also offers know-how support for the problems faced by entrepreneurs through its own resources as well as the best academics in their respective fields from all over the world, industrial experts and international consultants.

Detailed information about Vestel Ventures and the projects supported thereby is available [here](#).

META NİKEL KOBALT MADENCİLİK

Established as Türkiye's first nickel-cobalt mining enterprise in Gördes district of Manisa, Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ (META) is a modern and next generation mining company processing extracted ores and operates in a closed system as the pioneer of nickel mining in Türkiye. Zorlu Group acquired all shares of META in 2016. Vestel Elektronik acquired 50% of META shares from Zorlu Group in 2018. META is accounted for using the equity method in the consolidated financial statements of Vestel Elektronik.

META continues to perform its mineral exploration, operation, export, R&D and investment activities. The Company has a nickel-cobalt mining facility in Manisa-Gördes, as well as nickel reserves in Eskişehir and Uşak. Continuing to produce ore in Eskişehir, META carries out geological surveys in Uşak and nickel and cobalt mineral exploration surveys across various regions of Türkiye.

In addition to the stainless steel industry, nickel is also used to manufacture corrosion-resistant alloys, armor plating, and in the defense industry. The batteries used in electric vehicles and energy storage systems contain nickel and cobalt. The studies intended for extending the battery life thanks to emerging technologies suggest that the battery life is extended in parallel with increasing the rate of nickel in the battery composition. In the near future, the demand for nickel is expected to rise rapidly with the gradual increase in the use of nickel in battery and energy storage systems.

In 2021, META was entitled to receive ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certificates in line with the targets previously set. By the end of 2022, work on adopting the ISO 50001 Energy Management System has started and is expected to be completed in 2023.

ACCESSIBLE AND SMART SOLUTIONS THAT MAKE LIFE EASIER

AFFILIATES

Making use of R&D and innovation activities, META aims to transform concentrated nickel and cobalt into various forms of metal and boost added value, establish combined facilities that can produce its own inputs through new auxiliary facilities and maximize energy efficiency by recovering inert thermal energy and contribute to the reduction of Türkiye's foreign dependence and, accordingly, the current account deficit in the medium term.

The following activities are planned under prospective investments and R&D projects:

- R&D studies have been completed for the production of high purity nickel and cobalt compounds (metal/sulphate) used as the main raw materials in lithium ion batteries from the intermediate product (MHP - Mixed

Hydroxide Precipitate). Pilot-scale trial productions are ongoing. Investments will start in 2023 and the first products are expected to be produced in 2027.

- Within the scope of producing domestic cathode raw material for li-ion batteries from the intermediate product (MHP), R&D studies have been carried out and portable battery production has been successfully completed. Work is ongoing.
- Studies for ore enrichment with magnetic separation and required investments were completed in 2022. After magnetic separation and classification processes, there was a 25% reduction in acid consumption per 1 ton of nickel produced. The ore was enriched from 0.87% nickel grade to 1% nickel grade with a 92% yield. Efforts are ongoing to test different methods of ore enrichment.

- The Company aims to establish a sulfuric acid production facility with a capacity of 550,000 tonnes/year to reduce the cost of sulfuric acid and to foster environmental sustainability.
- Production of by-products such as scandium, magnesium, manganese and iron is planned. Feasibility studies are being carried out for the production of scandium compounds and investments are targeted to start in 2023.

META adopts a responsible production and consumption approach and reviews and renews its activities for a sustainable life in line with Zorlu Holding's Smart Life 2030 strategy.

In 2022, a 12% increase in production and a 37% growth in turnover in dollar terms were recorded compared to 2021.

Performance	2019	2020	2021	2022
Number of Working Days	138	292	276	264
Amount of Nickel Production (tonnes)	11,708	4,775	5,810	6,384

Greenhouse Gas Emissions (tonnes CO ₂ e/tonnes production)*	2019	2020	2021	2022
Scope 1	64.8	56.1	49.4	40.6
Scope 2	12.7	10	4.5	3.8
Total (Scope 1 and Scope 2)	77.4	66.1	53.9	44.4

*Covers the first 6 months of 2022. The year-end calculation process is ongoing.

Water Withdrawal (m ³)	2019	2020	2021	2022
Clean Water	679,513	1,484,686	1,377,769	1,195,353
Recycled Water	565,531	1,152,132	959,636	1,279,229
Total Water Consumption	1,245,044	2,636,818	2,337,405	2,474,582
Ratio of Recycled Water Use (%)	45.4	45.7	41.1	51.7

Detailed information about META is available [here](#).



LENTATEK UZAY HAVACILIK VE TEKNOLOJİ AŞ

With its advanced know-how in technology and expertise of nearly a quarter century, Lentatek Uzay Havacılık ve Teknoloji AŞ offers a wide range of products and services from design and development to production in all areas requiring critical technology such as Unmanned and Autonomous Systems, Hydrogen and Fuel Cell Technologies, Space Technologies, Critical Facility and Border Security Technologies and Digital Health Technologies. In line with the increasing local and global demands for advanced technologies and services, Lentatek continues to make its R&D investments and product development efforts at an accelerated pace.

As Türkiye's leading UAV (Unmanned Aerial Vehicles) platform manufacturer, the Company contributes to the development of the defense and aerospace industry with its original systems in the field of unmanned systems, each part of which is developed with national capital.

As one of the world's rare companies working in the field of Hydrogen and Fuel Cell Technologies, Lentatek, which has conducted hundreds of R&D studies, carries out its award-winning successful studies in the field of advanced technology in university-industry cooperation in its new generation laboratories in line with the Smart Life 2030 vision, which is the core strategy of Zorlu Group's sustainability practices, and shapes the future of clean energy.

Lentatek is accounted for using the equity method in the consolidated financial statements of Vestel Elektronik. Since the Company has a net liability position, it is carried at zero value on the consolidated balance sheet.

Detailed information about Lentatek is available [here](#).



AYESAŞ

As one of the leading system suppliers of the Turkish defense industry, Aydın Yazılım Elektronik ve Sanayi AŞ (AYESAŞ) develops advanced solutions for the production and supply of command-control systems, avionics systems, electronic and electro-mechanical systems in the defense and aerospace industry. The company offers a wide range of products and services, from design and development to manufacturing, systems engineering and integration and safety to critical embedded software development. AYESAŞ develops new generation Command Control and Platform Control Consoles and Cabinets, Helicopter Obstacle Detection System, Digital Scrolling Map and Mission Planning Systems for air platforms. AYESAŞ is accounted for using the equity method in the consolidated financial statements of Vestel Elektronik. Since AYESAŞ does not have a meaningful net asset position, it is carried at zero value on the consolidated balance sheet.

Detailed information about AYESAŞ is available [here](#).

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

ADDITIONAL DISCLOSURES MADE WITHIN THE SCOPE OF THE REGULATION ON THE DETERMINATION OF THE MINIMUM CONTENT OF ANNUAL REPORT OF COMPANIES DATED 28.08.2012 AND NUMBERED 28395

GENERAL INFORMATION

Reporting Period:	01.01.2022 - 31.12.2022
Legal Name:	Vestel Elektronik Sanayi ve Ticaret AŞ
Trade Registry Information:	Istanbul Trade Registry Office, No: 193621
Registered Capital Ceiling:	TL 2,000,000,000
Paid-in/Issued Capital:	TL 335,456,275
Contact Information for the Head Office and Branches:	Head Office: Levent 199 Büyükdere Cad. No: 199 34394 Şişli - ISTANBUL / TÜRKİYE Phone: +90 (212) 456 22 00
	Manisa Branch Organized Industrial Zone, 45030, MANISA / TÜRKİYE Phone: +90 (236) 233 01 31
	Manisa Sheltered Workshop Branch Keçiliköy OSB Mahallesi, 5639 Sk. No: 17/2, İç Kapı No: 4 Yunusemre - MANISA / TÜRKİYE Phone: +90 (236) 233 01 31
	Manisa Industrial Park Branch Keçiliköy OSB Mahallesi, 5639 Sokak No: 17/2, İç Kapı No: 12 Yunusemre - MANISA / TÜRKİYE Phone: +90 (236) 233 01 31
	Software Center Branch Çınarlı Mahallesi, Şehit Polis Fethi Sekin Sokak No: 5 İç Kapı No: 901 Konak - IZMİR / TÜRKİYE Phone: +90 (236) 233 01 31
Company Website:	www.vestel.com.tr
Investor Relations Website:	www.vestelinvestorrelations.com

Shareholding Structure and Capital Distribution

As of 31.12.2022, Vestel Elektronik's paid-in capital is TL 335,456,275 and the shareholding structure is as follows:

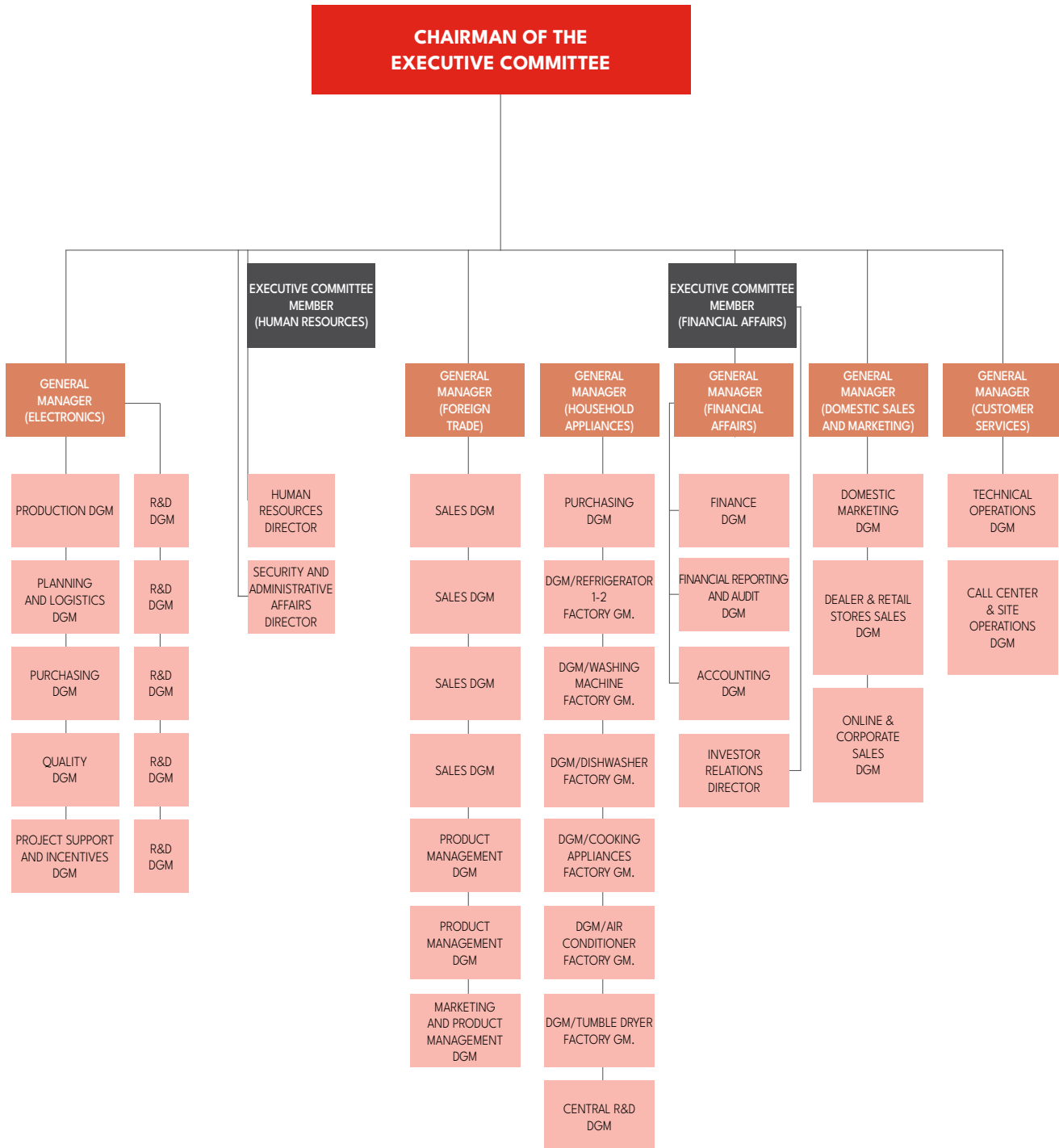
Shareholders	Nominal Value of Shares (TL)	Share in Capital (%)
Zorlu Holding AŞ	204,443,918	60.95
Other (Free Float)	131,012,357	39.05
Total	335,456,275	100.0

Zorlu Holding AŞ's stake in Vestel Elektronik fell from 63.70% to 60.95% following the block share sales to institutional investors conducted on Borsa Istanbul during 2022.

Privileged Shares and Voting Rights of Shares

There are no privileged shares in the Company.

ORGANIZATIONAL CHART OF VESTEL ELEKTRONIK



ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

THE BOARD OF DIRECTORS

The members of the Board of Directors are elected by the General Assembly in accordance with the provisions of the Company's Articles of Association pursuant to the Turkish Commercial Code and relevant regulations. In the event of a vacancy in the Board of Directors, a new member shall be appointed to the vacant position by the Board of Directors in accordance with the Articles of Association and the relevant provisions of the Turkish Commercial Code. If the vacant position is for an independent member of the Board, the appointment shall be made in accordance with the regulations of the Capital Markets Board. The approval of the shareholders for the newly appointed member shall be obtained at the first General Meeting of Shareholders. The member approved by the General Assembly shall complete the term of office of his/her predecessor.

The Board members elected at the 2019 Annual General Meeting held on 30 June 2020, who have executed their duty during the period, and their tenure are listed in the table below.

Member	Duty	Term of Office		Other Positions Held Within Zorlu Group	Positions Held Outside the Zorlu Group	Status	Board Membership in Other Publicly Listed Companies
		Beginning Date	Ending Date				
Ahmet Nazif Zorlu	Chairman	June 30, 2020	June 30, 2023	Chairman and Vice Chairman at Zorlu Group Companies	-	Non-executive	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ
Bekir Ağırdağ	Vice Chairman	June 30, 2020	June 30, 2023	Vice Chairman at Zorlu Enerji Elektrik Üretim AŞ and Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ	Board Member at KONDA Araştırma ve Danışmanlık Limited Şirketi	Independent	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim
Selen Zorlu Melik	Board Member	June 30, 2020	June 30, 2023	Board Member at Zorlu Group Companies	-	Non-executive	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ
Mehmet Emre Zorlu	Board Member	June 30, 2020	June 30, 2023	Board Member at Zorlu Group Companies	-	Non-executive	Zorlu Enerji Elektrik Üretim AŞ
Olgun Zorlu	Board Member	June 30, 2020	June 30, 2023	Board Member at Zorlu Group Companies	-	Non-executive	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ

Elmas Melih Araz	Board Member	June 30, 2020	June 30, 2023	Vice Chairman at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ	Board Member at Ata Yatırım Menkul Kıymetler AŞ, Ata Gayrimenkul Yatırım Ortaklığı AŞ, TFI Tab Gıda Yatırımları AŞ, Burger King China JV Ltd. İzmir Enternasyonal Otelcilik AŞ and Entegre Harç Sanayi ve Ticaret AŞ	Independent	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Ata Gayrimenkul Yatırım Ortaklığı
Ayşegül İlideniz	Board Member	June 30, 2020	June 30, 2023	Board Member at Vestel Beyaz Eşya Sanayi ve Ticaret AŞ and Zorlu Enerji Elektrik Üretim AŞ	COO at Silver Spring Networks and Board Member at Doğan Şirketler Grubu Holding AŞ and Pegasus Hava Taşımacılığı AŞ	Independent	Vestel Beyaz Eşya Sanayi ve Ticaret AŞ, Zorlu Enerji Elektrik Üretim AŞ, Doğan Şirketler Grubu Holding AŞ, Pegasus Hava Taşımacılığı AŞ

Changes in the Board of Directors During the Year

There has been no change in the Board of Directors elected at the Annual General Meeting during the year.

Duties and Authorities of the Members of the Board of Directors

The Chairman and the members of the Board of Directors have the duties and the authorities set forth in the relevant articles of the Turkish Commercial Code and the Company's Articles of Association.

Number of Board Meetings held during the year and the Attendance Rate of Board Members

The Board of Directors convened 12 times in 2022. The Board meetings were held in-person and online simultaneously in 2022 where physical attendance was optional. The members of the Board of Directors attended the meetings to a large extent regularly and the average attendance rate to the meetings was 83%.

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

Senior Management

Name Surname	Job Title
Enis Turan Erdoğan	Chairman of the Executive Committee
Bekir Cem Köksal	Executive Committee Member
Necmi Kavuşturan	Executive Committee Member
Alp Dayı	Chief Financial Officer of the Vestel Group of Companies
İsmail Murat Sarpel	General Manager of Vestel Elektronik Sanayi ve Ticaret AŞ
Erdal Haspolat	General Manager of Vestel Beyaz Eşya Sanayi ve Ticaret AŞ
Seda Kaya	General Manager responsible for International Sales at Vestel Ticaret AŞ
Ergün Güler	General Manager responsible for Domestic Sales and Marketing at Vestel Ticaret AŞ
Ali Tarkan Tekcan	General Manager responsible for Customer Services at Vestel Ticaret AŞ

Changes in the Senior Management During the Year

There has been no change in the senior management during the year.

Number of Employees

As of 31.12.2022, Vestel Elektronik has 20,438 employees.

Information on the Transactions of the Members of the Board of Directors with the Company on Behalf of Themselves or Others and Their Activities within the Scope of Non-competition

At the Annual General Meeting held on May 11, 2022, the members of the Board of Directors were granted permission to transact within the framework of the Articles 395 and 396 of the Turkish Commercial Code for the year 2022.

Personnel and Labour Movements, Collective Bargaining Practices and Rights and Benefits Provided to Employees

The Company does not employ any personnel working under the Collective Bargaining Agreement. All employee rights and interests are protected and overseen under the Labour Law No. 4857.

Amendments to the Articles of Association

No changes were made to the Company's Articles of Association during the reporting period.

COMPENSATION AND MONETARY BENEFITS PROVIDED TO BOARD MEMBERS AND SENIOR EXECUTIVES

At the Company's 2021 Annual General Meeting held on 11 May 2022, the decision was taken to pay a net annual fee of TL 360,000 (net TL 30,000 per month) to each independent Board members and not to make any payment to other Board members for the year 2022.

In the twelve-month period ending on 31.12.2022, the total compensation and monetary benefits provided to the members of the Board of Directors and senior executives amounted to TL 69,543 ths. in total.

ACTIVITIES OF THE COMPANY AND IMPORTANT DEVELOPMENTS REGARDING THE ACTIVITIES

Capacity and Production

Unit	Plant Enclosed Area (m ²)
TV	312,171
Household Appliances	409,821
Digital Products	76,722
TOTAL	798,714

The capacity utilization rate in white goods production was 81% in 2022 (2021 CUR: 88%). With the capacity expansion investments undertaken during the year, the annual white goods production capacity of Vestel increased from 13.6 million to 15.6 million units. The capacity utilization rate in television production, which stood at 59% in 2021, declined to 56% in 2022.

Production

The Company's production volume increased by 4% yoy in 2022.

Sales

Vestel Elektronik recorded TL 62,247,431 ths. of gross revenues in 2022, of which TL 43,007,115 ths. comprised of export revenues. 55% of total revenues were generated from sales to European countries, 31% from domestic market and 14% from sales to other countries.

In 2022, domestic revenues increased by 124% while export revenues grew by 66% yoy.

Net revenues grew by 80% in Turkish Lira terms while unit sales increased by 5% in 2022.

Investments and Investment Incentives

The Company's total capital expenditures amounted to USD 222 million in 2022. The investment expenditures consisted of machinery and equipment investments (37%), building construction (22%), research and development activities (18%), mold investments (12%) and other investments (12%).

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

Information on Direct and Indirect Subsidiaries and Ownership Interests

As of 31 December 2022, the Company's major subsidiaries are as follows:

Consolidated Subsidiaries	31.12.2022		31.12.2021	
	Voting Rights (%)	Effective Ownership (%)	Voting Rights (%)	Effective Ownership (%)
Vestel Beyaz Eşya Sanayi ve Ticaret AŞ ⁽¹⁾	80.66	80.66	82.53	82.53
Vestel Komünikasyon Sanayi ve Ticaret AŞ	100	100	100	100
Vestel Ticaret AŞ	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV ^(**)	100	100	100	100
Vestel Germany GmbH ^(**)	100	100	100	100
Cabot Communications Ltd.	90.80	90.80	90.80	90.80
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme AŞ	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99.90	99.90	99.90	99.90
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z o.o. ^(***)	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd.	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel U.S.A. ^(****)	100	100	-	-

⁽¹⁾ Vestel Elektronik Sanayi ve Ticaret AŞ sold 30,000,000 Vestel Beyaz Eşya Sanayi ve Ticaret AŞ shares via block sale to institutional investors on 20 September 2022. Following the transaction, Vestel Elektronik's share in Vestel Beyaz Eşya declined to 80.66%.

^(**) Within the scope of the restructuring of sales and marketing companies abroad, Vestel Germany GmbH, which is based in Germany and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ, has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Germany GmbH have been transferred to Vestel Holland B.V. Germany Branch Office, which is established in Germany by Vestel Holland B.V. The merger took place as of 31 December 2022.

^(***) Within the scope of the restructuring of sales and marketing companies abroad, Vestel Poland sp. z o.o., which is based in Poland and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a wholly-owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ, has been merged into Vestel Holland B.V. another wholly owned subsidiary of Vestel Ticaret. With the merger, all the assets, liabilities and operations of Vestel Poland sp. z o.o. have been transferred to Vestel Holland B.V. Sp. z o.o. Oddział w Polsce, which is a branch established in Poland by Vestel Holland B.V. The merger took place as of 1 January 2023.

^(****) Established on 9 March 2022.

Since Lentatek Uzay Havacılık ve Teknoloji AŞ has a net liability position and Aydın Yazılım ve Elektronik Sanayi AŞ does not have a significant net asset position, the carrying value of these investments in associates, which are accounted for by the equity method, is taken as zero in the consolidated balance sheet as of 31 December 2022 and 31 December 2021.

As of 31 December 2022, Vestel Elektronik Sanayi ve Ticaret AŞ's voting rights and effective ownership interests in Lentatek Uzay Havacılık ve Teknoloji AŞ, Aydın Yazılım Elektronik ve Sanayi AŞ, Meta Nikel Kobalt Madencilik Sanayi ve Ticaret AŞ and Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret AŞ, which are accounted for by the equity method, were 35%, 21%, 50% and 23%, respectively (31 December 2021: 35%, 21%, 50%, 19%).

Information on the Company's Acquisition of its Own Shares

The Company did not acquire its own shares in 2022.

Information on Special Audit and Public Audit

Within the framework of the regulations of the Capital Markets Board regarding financial reporting and independent audit, the Company's semi-annual and yearly financial statements are audited by an independent audit firm.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ was selected as the independent auditor for auditing the Company's accounts and transactions for the year 2022 in accordance with the Capital Market Law, the Turkish Commercial Code and the related legislation, in the Annual General Meeting held on May 11, 2022.

Information on Legal Action Taken Against the Company which Could Affect the Company's Financial Status and Activities and the Possible Consequences of Such Legal Action

No material lawsuit, which could affect the financial status and activities of the Company, was filed against the Company in 2022.

Administrative or Judicial Sanctions Imposed Against the Company or the Board Members due to Practices Violating the Legislation

There is no administrative or judicial sanction applied against the Company or the members of the Board of Directors.

General Meetings of Shareholders

The decisions taken in the Company's Annual General Meeting held on 11 May 2022 were implemented.

No extraordinary General Shareholders' Meeting was held during the year.

Donations and Social Responsibility Projects

The total sum of donations and aids made in 2022 in line with the Company's Donation and Charity Policy amounted to TL 17,372,333.

Conclusion Section of the Affiliation Report Prepared Pursuant to the Article 199 of the Turkish Commercial Code

In accordance with the provisions of the Turkish Commercial Code, Vestel Elektronik was an affiliated company of Zorlu Holding AŞ during the fiscal year 2022. Pursuant to the Article 199 of the Turkish Commercial Code, Vestel Elektronik's Board of Directors issued the following declaration in its affiliation report, which was prepared regarding the Company's relationships with the controlling company or an affiliated company of the controlling company:

"Our Company's legal actions taken with the controlling company, or the companies affiliated to the controlling company for the benefit of the controlling company, or a company affiliated to it under the direction of the controlling company and any and all measures taken or avoided in favor of the controlling company, or a company affiliated to it in the 2022 operating year were evaluated based on the circumstances and conditions known to us. As a result of this evaluation, we declare that in all transactions in the 2022 operating year, an appropriate remuneration was received by our Company in accordance with the circumstances and conditions known to us, and that there was no measure taken or avoided that could harm the Company."

Information on Transactions

No transaction was taken within this scope.

ADDITIONAL DISCLOSURES REQUIRED BY THE LEGISLATION

FINANCIAL POSITION

Determination of the Adequacy of the Company's Capital and Assessment of the Board of Directors

The Company has neither suffered capital impairment nor is insolvent within the scope of the calculation performed by taking into account the ratios specified in the Article 376 of the Turkish Commercial Code.

Information on Capital Market Instruments Issued

The information on the Company's debt instruments issued to domestic qualified investors is presented in the table below.

ISIN Code	Issuance Date	Term (Days)	Maturity	Nominal Value (TL)	Type of Interest Rate	Interest Rate (%)	Coupon Payments	Principal Payment
TRSVSTL82317	01.08.2022	389	25.08.2023	30,000,000	Floating Rate	The greater of 37.0% and 2-year benchmark bond yield + 3.0%	Quarterly	At maturity
TRFVSTL12311	25.08.2022	153	25.01.2023	214,000,000	Fixed Rate	Annual simple interest rate of 27%	At issuance	At maturity
TRSVSTL82325	25.08.2022	365	25.08.2023	61,000,000	Floating Rate	The greater of 32.0% and 2-year benchmark bond yield + 3.0%	Quarterly	At maturity
TRSVSTL42311	09.03.2022	399	12.04.2023	160,860,000	Floating Rate	Benchmark bond yield + 2.5%	Quarterly	At maturity

Corporate Credit Rating

JCR Eurasia Rating - Long-Term National Issuer Credit Rating/Outlook	A (tr)/Stable
JCR Eurasia Rating - Long-Term Local and Foreign Currency Issuer Credit Rating/Outlook	BB/Negative

On 29 November 2022, JCR Eurasia Rating evaluated "Vestel Elektronik Sanayi ve Ticaret AŞ" in the high investment-level category and affirmed the Company's Long-Term National Issuer Credit Rating at "A (tr)" with "Stable" outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks for Vestel Elektronik have been assigned as "BB/Negative".

Dividend Distribution Policy

The Company distributes profit in accordance with the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other pertinent legislation as well as the profit distribution provision of its Articles of Association. The amount of profit to be distributed and date of distribution are approved by the General Assembly, upon the proposal of the Board of Directors.

Vestel Elektronik has adopted dividend distribution policy of distributing at least 25% of its distributable profit in cash and/or as bonus shares. Board of Directors shall review this policy every year, by taking into account the domestic and global economic conditions, the Company's growth and investment plans and financial position. Revisions made in the policy shall be submitted to the approval of shareholders at the first General Assembly meeting following such revisions and the revised policy will be published on the Company's web site.

Distribution of profit shall commence on the date determined by the General Assembly, provided that it is no later than the end of the year in which the General Assembly meeting is held. Subject to the provisions of the legislation in force, the Company may consider distributing advance dividends or paying dividends in equal or varying installments.

At the Company's 2021 Annual General Meeting, the decision was taken not to distribute the 2021 profit in order to strengthen the financial structure of the Company and not to create an additional funding requirement considering the current economic outlook, the long term strategies, the liquidity, investment and financing policies of the Company as well as to protect the long term interests of shareholders, employees and the Company and to add the remaining profit of TL 2,104,155,380 to the extraordinary reserves after setting aside the required amount of TL 496,323,401 to the special reserves as per the Article 5/1-e of the Corporate Tax Law No. 5520.

OTHER MATTERS

Information on Conflicts of Interest between the Company and the Institutions from which the Company Obtains Investment Consultancy, Rating and Similar Services, and the Measures Taken to Prevent such Conflicts of Interest

None.

Information on Legislative Changes that may Significantly Affect the Company's Activities

There were no legislative changes in 2022 that could significantly affect the Company's activities.

Information on Cross-Shareholdings where Direct Participation in Share Capital exceeds 5%

None.

Required Information on Related Party Transactions and Balances

The required information on the Company's transactions with related parties is provided in the footnotes of the financial statements dated December 31, 2022.

CORPORATE GOVERNANCE

RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

Risk Management

Zorlu Holding's Enterprise Risk Management Department is responsible for the early detection of risks which could jeopardize the existence, development and continuity of Vestel Elektronik Sanayi ve Ticaret AŞ ("Vestel Elektronik" or "the Company"), implementation of necessary measures against detected risks and the management of risks in a centralized structure. In this regard, the Zorlu Holding Risk Policy and Procedure and Enterprise Risk Management Framework have been prepared to apply to all Zorlu Group companies.

Zorlu Holding Enterprise Risk Management Policy is summarized below:

Goal Setting	<ul style="list-style-type: none">· Incorporating risk management principles into strategic planning and goal setting processes· Aligning the strategy and goals set with the Company's risk appetite
Risk Identification	<ul style="list-style-type: none">· Identifying the risks and opportunities that may affect the Company's goals with the engagement of the entire organization in a coordinated manner and within the framework of a common perception
Risk Assessment and Inherent Risk	<ul style="list-style-type: none">· Assessing the probability of risks and their impact on the Company in case of their occurrence· Determining the value of risk before the actions taken and control activities, i.e. inherent risk
Determining Actions	<ul style="list-style-type: none">· Addressing the risks in the most appropriate way (Risk Acceptance, Risk Transfer, Risk Mitigation, Risk Avoidance) by taking into consideration the risk appetite and cost/benefit factors· Determining actions in line with the responses identified and managing the risks proactively
Residual Risk and Action Plan Follow-up	<ul style="list-style-type: none">· Determining the value of risk after the actions taken, i.e. residual risk· Monitoring the completion process of the activities specified in action plans
Reporting and Communication of Risks	<ul style="list-style-type: none">· Prioritizing the risks identified and monitoring them using the Key Risk Indicators· Measuring and reporting all other risks taking into consideration the control points via key risk indicators which give warnings· Sharing all activities transparently and ensuring that risk management process is integrated into the decision-making mechanisms with the establishment of risk awareness and culture in all activities of the Group
CONTINUOUS MONITORING	

Vestel Elektronik's Early Detection of Risk Committee, which was established on 15 March 2013 pursuant to the Article 378 of the Turkish Commercial Code, undertakes studies for the early detection of risks which could jeopardize the existence, development and continuity of the Company, implementation of necessary actions and remedies regarding the identified risks and management of risks in a coordinated manner. The Early Detection of Risk Committee convened 6 times in 2022 to ensure adequate oversight of enterprise risk management processes. The decisions taken as a result of the Committee's investigations were presented to the Board of Directors.

The Committee prepared the following 6 reports in 2022:

- Results of the Risk Assessment Survey 2021 for Vestel Group of Companies
- Russia - Ukraine Crisis and Sanctions Implemented
- Post Pandemic Future of the World and the Economy
- Risks Threatening the Global Economy in the Framework of the Global Risks Report
- Impacts of Recession in Europe on the Turkish Economy
- The Global Economic Outlook and the Expectations for the Turkish Economy in 2023

The Company's vision is defined as creating sustainable value for all parties by ensuring operational efficiency, growth and legal compliance. The six main risk categories, which may jeopardize the realization of the Company's goals towards its vision and the actions taken in relation thereto, are summarized below.

Strategic Risks

Strategic risks refer to the inadequacy of the Company's strategies, inability to remain competitive and achieve its goals due to failure to accurately identify external factors, employment of an outdated business model, incorrect composition of business portfolio, inefficient organizational structure, inconsistency of performance measures with business strategies, insufficient resource allocation and similar reasons.

The strategic risks category includes, among others, various risks in relation to environmental analysis, business model and portfolio, organizational structure, resource allocation and planning.

Actions taken regarding these risks are as follows:

- Conducting coordinated feasibility studies, benefit and cost analysis and budgeting studies by the relevant departments in relation to new investment decisions,
- Evaluation of the legal, political, etc., risks before and after the investment by obtaining consultancy services as and when necessary,
- Diversification of investments made in different countries and business lines,
- Monitoring the return on investments made,
- Using dealers, distributors, online sales and similar distribution channels actively and considering each one as a business model,
- Entering new business lines by making use of strategic partnerships in public and private sectors,
- Formulating innovative strategies with respect to sales and marketing.

Sector Related Risks

The sector related risks mainly result from the delays in adapting to changes in short- and long-term supply and demand balances that occur as a result of changing production and consumption patterns. It is inevitable for these changes to have an impact on price predictability. Sector related risks also include adaptation to the climate change-related shifts in the industry.

Vestel Elektronik strives to mitigate the negative impacts of such risks by diversifying its areas of operation as much as possible.

Financial Risks

Financial risks refer to the inadequacy of the Company's finances, the emergence of currency, interest rate and credit risks and other uncertainties and fluctuations in financial markets, which may have a negative impact on the Company, and inability to secure adequate liquidity.

The financial risks category includes, among others, risks in relation to interest rates, currency, capital, financial derivative instruments, commodity prices, liquidity, cash flow management and receivable collection.

In order to determine the effects of financial risks on financial statements, various indicators such as Net Financial Debt/EBITDA, Net Foreign Currency Position/Shareholders' Equity and liquidity ratios as well as the effective maturity dates of financial liabilities are monitored and it is ensured that the necessary actions are taken at the levels which require warning.

CORPORATE GOVERNANCE

RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

The following actions are taken against these risks:

- Use of alternative financing methods,
- Ensuring asset-liability balance within the balance sheet,
- Making use of various derivative instruments for hedging purposes, when necessary,
- Within the scope of stress tests and scenario analyses, stress tests are carried out in order to observe the effects of changes in market risk factors and market volatility on the financial position of the Company and to mitigate possible risks,
- Conducting Value at Risk (VaR) study for forward contracts recognized in equity within the cash flow hedge reserve account, measuring the worst one and five-day fair value variations within a 99% confidence interval,
- Paying attention to not taking on a financing burden which cannot be covered with the highly liquid assets as per the Company's philosophy,
- Monitoring the budget targets and realizations on a monthly basis and making revisions as necessary,
- Monitoring the profit target and realizations on a monthly basis and making revisions as necessary,
- Insuring receivables and obtaining various guarantees.

Operational Risks

Operational risks refer to the inability of the Company's business model to secure and sustain operational efficiency during the course of its operations towards achieving customer satisfaction and the Company's performance targets in relation to quality, cost and time.

The operational risks category includes, among others, risks in relation to decision making with respect to operational processes such as supply, capacity, business interruption, customer satisfaction, human resources, environmental health and safety, information capital, authorization, information processing and technology, contractual obligations and pricing and risks related to financial reporting processes and budgeting and fraud risks.

The following actions are taken against these risks:

- Supervision of all operational activities by the Directorate of Internal Audit and Ethics, Financial Audit and Tax Audit Departments set up under the organization of Zorlu Holding,
- Monitoring the operational risks that Zorlu Holding Enterprise Risk Management Department deems to be important through key risk indicators via the information technology system and informing the relevant business units about risk levels when necessary,
- Measuring, reporting and monitoring customer satisfaction in relation to products and service network,
- Regularly providing compulsory training programs on occupational health and safety to all Zorlu Holding employees in accordance with the relevant regulations,
- Centralized follow-up of the recommendations proposed by the insurance companies to Group companies subsequent to risk inspections,
- Following-up the policies and procedures for compliance with the legally defined standards in relation to environmental health, stakeholder safety and stakeholder health,
- Monitoring and keeping records of repair and maintenance of plant and machinery,
- Committing to comply with the United Nations Global Compact and principles such as human rights, environment, society, ethics and the fight against corruption,
- Carrying out work to fulfill all the obligations imposed by the legislation for the processing, storage and security of personal data throughout the Company, taking into account the local regulations.

Reputation Risk

The Company's performance in other risk areas naturally poses a reputation risk for the Company. The reputation risk mainly refers to the negative impacts that may be caused by the Company's operations on the environment, society and internal and external stakeholders.

The following actions are taken against these risks:

- Establishing a multi-faceted, consistent and continuous communication with all stakeholders,
- Protecting the brand value and credibility; ensuring integrated management of all communication processes in accordance with the strategic business targets and in this regard representing Zorlu Holding Corporate Communications Department at the General Directorate level.

External Risks

External environment risks are cases where external factors arise which may affect the continuity of the Company's business model and the core values which drive the overall targets and strategies that set this model in motion.

The external risks category includes, among others, risks in relation to access to capital, shareholder relations, natural disasters (force majeure risks), competition, customer demand (trends), financial markets, market sensitivity, sector risks, legal risks and risks in relation to regulatory compliance, political status and technological innovation.

The following actions are taken against these risks:

- Developing necessary plans for recovering and resuming critical systems, technical infrastructure and facilities in alternative sites in case of a natural disaster or contingency, regularly monitoring business continuity and emergency action plans,
- Determining a comprehensive insurance coverage within the Company by considering risks related to natural disasters and terror incidents, transferring potential risks to insurance companies and minimizing their potential financial impacts,
- Managing regulatory changes, legal actions, tax conflicts, intellectual property infringements, unfair competition and risks in relation thereto through coordinated communication among all the relevant departments within the Company,
- Carrying out specific short-lived rehabilitations and works to integrate into new technologies,
- Taking appropriate measures against adverse geographical and climatic conditions,
- Establishing continuous and healthy communication which is open to all stakeholders through the activities of the Corporate Communications Department.

Other than the actions listed under the risk headings above, insurance policies are purchased as a risk transfer mechanism. The primary insurance policies purchased are listed below.

- Fire, Machinery Breakdown and Loss of Profit
- Employer's Liability
- Directors and Officers (D&O) Liability
- Professional Indemnity
- Third Party Liability
- Product Liability
- Credit Insurance
- Marine/Cargo
- Fidelity Guarantee, Cash in Transit and Cash in Safe
- Hazardous Materials
- Personal Accident
- Construction/Installation Policy

CORPORATE GOVERNANCE

INTERNAL AUDIT ACTIVITIES AND INTERNAL CONTROL SYSTEM

The Audit Department and Its Activities

As is the case for all Zorlu Group Companies, the internal audit of the Vestel Group of Companies is carried out by the centralized Internal Audit Department operating within Zorlu Holding since 2000. The Internal Audit Department carries out the board approved audit programs in line with the International Internal Audit Standards and legal requirements and shares the results of its audits through both the audit reports prepared after each audit and the annual reports detailing all the audit and control activities conducted throughout the year with the Board of Directors and the Heads of Business Units.

In addition to the Internal Audit Department, Financial Audit and Tax Audit Departments were established in 2011 in order to perform financial audits across all Group companies, which commenced their activities in 2012. In the last quarter of 2013, the Internal Audit and the Financial and Tax Audit Departments were gathered under the umbrella of Zorlu Holding General Directorate of Audit and Internal Control. In accordance with the changing needs of Zorlu Group, the Tax Audit Department was restructured as Tax Audit Directorate as of December 1, 2015, while the Internal Audit Department was restructured into two distinct directorates, namely the Internal Audit Process Oversight and Internal Audit Inspection Oversight as of January 1, 2016. Following the completion of the organizational restructuring process in the General Directorate of Audit and Internal Control for the execution of internal control activities separately in 2017, the General Directorate of Internal Control began its operations as an independent unit as of January 1, 2018. As of July 1, 2021, an organizational change was made within the General Directorate of Audit. In this context, the tax consultancy function of the Tax Directorate, which performs tax consultancy and audit functions, was transferred to the Office of Chief Financial Officer. The activities of the Internal Audit Process and Internal Audit Review Directorates were gathered under the umbrella of the Directorate of Internal Audit and Ethics with the addition of the ethics function as of December 1, 2021.

As of June 1, 2022, the General Directorate of Audit was restructured as the Audit Department, reporting directly to the Zorlu Holding Board of Directors in line with the increasing importance of the audit function due to the restructuring of Zorlu Group's corporate governance systems.

The purpose, authorities and duties as well as the operating principles and structure for the internal audit activities have been defined by a series of board-approved documents circulated across Group companies, such as the "Audit Regulation" and the "Internal Audit Working Principles".

Internal Audit Activities

Process audit activities are carried out in line with a board-approved, risk-based annual audit program to evaluate the effective and efficient use of resources, adherence to written rules (laws, regulations, internal policies and directives), and the accuracy, security and reliability of information.

Prior to each audit, internal auditors meet with senior management for a risk assessment, during which the risks that could jeopardize the company's targets are positioned on a risk matrix based on their potential impact and probability of occurrence. During audit field work, the effectiveness of internal controls for high-impact and high-probability risks are evaluated through tests. The results of the observations are shared with the company management in the form of a draft report, and then a final report, including the feedback of the management, is sent to the senior management. As a result, the department provides consultancy services with reasonable assurance while offering best practices drawing from synergy within the Group. One month after the issuance of the final report, actions taken are reported to the Board of Directors in line with the 4T approach (Treat, Terminate, Transfer, Tolerate).

Internal Audit Department organizes periodic meetings with the Audit Committee throughout the year. In these meetings, participants evaluate planned and actual audits, consultancy activities and special audits and other relevant matters for the year ahead, share findings, review action plans, follow-up results based on these findings, and review plans for the upcoming period.

Zorlu Group supports and promotes Zorlu Group Internal Audit Team, which consists of 9 people, in receiving additional training to improve and enhance their existing knowledge, skills and other qualities, becoming a member of the related associations (e.g. The Institute of Internal Auditors, Türkiye – TIA) and obtaining international certificates. The Internal Audit team includes 3 CFEs (Certified Fraud Examiner) and 1 CRMA (Certification in Risk Management Assurance).

Financial Audit and Tax Audit Activities

The Financial Audit and Tax Audit Departments have been carrying out their activities at Zorlu Group companies since 2012. Currently, these departments have 8 and 4 employees, respectively.

These departments ensure that the Group companies' balance sheet and income statement accounts used for financial and tax reporting purposes are in conformity with the uniform chart of accounts, tax legislation and audit standards and provide reasonable assurance to the Board of Directors in these areas. Audit findings are reported to the company executives and senior management.

In addition, the Financial Audit Team reviews the CMB-compliant financial reports of the publicly traded companies of Zorlu Group and shares its comments with the related departments.

The Financial Audit Team includes 5 CPAs (Certified Public Accountant) while the Tax Audit Team includes 3 CPAs.

CORPORATE GOVERNANCE

INTERNAL AUDIT ACTIVITIES AND INTERNAL CONTROL SYSTEM

The General Directorate of Internal Control and Its Activities

The internal control function at the Vestel Group of Companies is carried out in a structure which is centrally coordinated within Zorlu Holding AŞ, as in other Zorlu Group companies. A special field team in the Internal Control Department has been assigned to the Vestel Group of Companies, which has been serving since 2017.

The purpose, duties and authorities and the working principles of the Internal Control Department and the professional and ethical rules to which it adheres, are defined by the documents such as the “Internal Control Regulation” and the “Internal Control Manual”, which were shared with the relevant managers.

The mission of the Internal Control Department is to establish and sustain an internal control system to ensure efficient, effective, integrated and consistent risk management at Group companies in line with the pre-set targets, and to share, disseminate and promote “best practices” across companies.

The Internal Control Department assists executives and employees in identifying areas of improvement in existing processes and the internal control system as well as the actions to be taken in this context, implementing the specified actions, and monitoring their progress on a regular basis. In addition, the department provides continuous guidance to executives and process owners with regard to these activities. All relevant executives and employees of the Company take part in the activities to establish, monitor and evaluate internal control system and implementing necessary measures.

The Internal Control Department prepares an annual, risk-based internal control plan and carries out its activities in a systematic, consistent and disciplined approach. Risk-based evaluations carried out by the Internal Control Department, requests from the Board of Directors and management, findings on internal control from audit activities conducted by the Internal Audit Department and corporate risk maps play an important role in the formation of the internal control work plan. The annual internal control work plan is submitted to the CEO and the Board of Directors for their information and approval.

The internal control activities, which are planned and realized within the year, are evaluated at the periodic meetings held between the Internal Control Department and the management. In these meetings, the findings are shared and the action plans to be taken based on these findings and follow-up results are evaluated and the plans for the upcoming period are reviewed.

The Zorlu Group Internal Control team is supported and encouraged by Zorlu Group to obtain further training to improve their existing knowledge and competencies, to take part in related professional associations and to obtain professional international certificates such as CIA, SMMM, CISA, CFE, CICA, CRMA, etc.

Opinion of the Board of Directors regarding the Company’s Internal Control System and Internal Audit Activities

None.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Corporate governance activities were initiated at Vestel Elektronik Sanayi ve Ticaret AŞ (“Company” or “Vestel Elektronik”), which takes utmost care to comply with the “Corporate Governance Principles” of the Capital Markets Board (“CMB”) in late 2004. In order to have an independent evaluation of the Company’s corporate governance practices and share the results with the public, the Company has been obtaining corporate governance rating services for the past fifteen years. The Corporate Governance Rating of Vestel Elektronik, which is also included in the BIST Corporate Governance Index, has been steadily improving since 2007. Based on the corporate governance rating study conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri AŞ (SAHA Corporate Governance and Credit Rating Services Inc.), which has been certified by the Capital Markets Board to perform corporate governance rating assessment in accordance with the Corporate Governance Principles in Türkiye, Vestel Elektronik’s corporate governance rating was revised up to 9.66 (96.59%) out of a scale of 10 as of 18 February 2022. This high score yet again confirms the importance, which Vestel Elektronik attaches to corporate governance and its commitment to achieve further progress in this area.

The breakdown of the Company’s Corporate Governance Rating by sub-categories is as follows:

Sub-categories	Weight	Rating in 2022 (%)
Shareholders	0.25	95.88
Public Disclosure and Transparency	0.25	98.44
Stakeholders	0.15	99.48
Board of Directors	0.35	94.53
Total	1.00	96.59

The Company’s Corporate Governance Rating Reports can be accessed on the Company’s website at www.vestelinvestorrelations.com.

Vestel Elektronik carries out its activities in compliance with the applicable legislation and the Capital Markets Board’s “Corporate Governance Principles”. The Company fully complies with all the compulsory principles in the Corporate Governance Principles appended to the CMB’s Communiqué on Corporate Governance (II-17.1), and has also adopted the majority of the non-compulsory principles. No conflict of interest has been noted between the stakeholders in relation to the principles that have not yet been fully complied with.

Aware of the positive contributions that adoption of the Corporate Governance Principles brings to the Company, Vestel Elektronik Sanayi ve Ticaret AŞ continues its efforts to further improve its compliance with the Corporate Governance Principles and to comply with the non-mandatory principles that are not yet implemented.

For the reporting period which ended on 31 December 2022, the compliance with the Corporate Governance Principles that are appended to the Communiqué on Corporate Governance and the explanations with regard to the principles that have not yet been complied with are included in the Corporate Governance Compliance Report, the Corporate Governance Information Form and in the other relevant sections of the annual report.

In case of any amendments to the Corporate Governance Compliance Report or the Corporate Governance Information Form during the reporting period, a material event disclosure is made and the amendments are also included in the interim activity reports.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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 was no such transaction in 2022.
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				The agenda of the General Assembly includes a separate item for informing shareholders on donations and grants. General information on the total amount of donations and grants made in the relevant accounting period within the upper limit set at the previous year’s General Assembly is provided at the Annual General Meeting and, should shareholders request detailed information, information on the beneficiaries of such donations and grants is also presented. This practice is planned to be continued in the upcoming General Assembly meetings.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.3.11-The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
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 has no cross-shareholding relationship which brings a controlling relationship.
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			The scope of minority rights has not been expanded in the Articles of Association and the provisions of the relevant legislation apply. No amendment to the Articles of Association is planned in this regard.
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					

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.6.4-The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1-There are no restrictions preventing shares from being transferred.	X					
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	In accordance with the Article 12 of the CMB's Communiqué on Material Events Disclosure, the changes in the Company's ownership structure resulting from the transactions on stock exchange are monitored and updated by the Central Securities Depository (MKG). The Company's website provides a link to the Company's shareholding structure disclosed at the Public Disclosure Platform. Information on individual shareholders who own capital indirectly is disclosed in the Corporate Governance / Ownership Structure section of the Company's website.
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				Apart from the interim activity reports, all information that may affect the investment decisions of foreign investors is available in English on the Company's Investor Relations website. Interim activity reports are planned to be published in English within the scope of time and cost management.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					Although there is no provision in the Articles of Association, employees are encouraged to participate in company management through internal practices (Vestel Complaint/Wish/Request Evaluation System).
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					

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					The succession plan prepared by Zorlu Holding for the Company’s key managerial positions (Deputy General Manager and above) was reviewed by the Company in 2022. Vestel Management Power Program, which was initiated in 2021 for the Company’s promising middle managers demonstrating a high performance in collaboration with Boğaziçi University, was completed in 2022.
3.3.2-Recruitment criteria are documented.	X					
3.3.3-The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4-Meetings have been organized 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	Employees are informed by their managers or their elected representatives at the factories of any decisions that may affect them. There is no labor union at Vestel Elektronik.
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	There is no collective bargaining agreement and union at Vestel Elektronik.
3.3.9-A safe working environment for employees is maintained.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
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					

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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 Chairman and Chief Executive Officer are separated and defined.		X				The Chairman and the Chief Executive Officer are different individuals.
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					
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			There is no policy or target for the election of female directors to the Board of Directors. As of 2022, two female members, one of whom is an independent, serve on the Board of Directors, with the ratio of female members standing at 29%, thus meeting the minimum rate envisaged under this principle.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.		X				The Board meetings were held in person and online simultaneously in 2022, where physical attendance was optional. Evaluations regarding the organization of Board meetings electronically continue.
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	The board members who could not attend the board meetings did not submit their opinion in writing to the Board during the reporting period although they had the option to do so.
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					
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				In order to benefit from their diverse business and sectoral experience, board members are not restricted to assume other duties outside the Company and there is no plan to impose such restrictions. The external commitments of the board members are presented in the annual report and in the AGM information document and presented to shareholders at the AGM.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE REPORT

	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			Two independent members of the Board serve on more than one committee. Due to the number of the independent board members no change is planned regarding the current situation.
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	The committees did not obtain any external consultancy services in 2022.
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			No work is planned regarding the performance evaluation of the Board of Directors.
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			In line with the general practice, remuneration of the board members and senior executives is disclosed collectively in the annual report. Taking into consideration the legislation on the protection of personal data as well, the Company will continue to monitor the general practice with respect to disclosure on an individual basis.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year

During the year, a total of 108 meetings were held with the investors and analysts via video calls, by phone or face to face. The Company attended a total of 3 investor conferences, two of which are held abroad and in 2 investor group meetings organized by the brokerage houses.

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

There was no request for the appointment of a special auditor during the reporting period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

None.

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/1019859>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

Yes, they were presented.

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 in 2022.

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 transaction carried out within the scope of Article 9 in 2022.

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/1028131>

The name of the section on the corporate website that demonstrates the donation policy of the company

Corporate Governance / Policies / Donation and Charity Policy

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/216237>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

None.

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Although there is no restriction regarding the participation of stakeholders in the AGM, there was no participation thereby other than the shareholders.

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

60.95%

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.

None.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Stock Information / Dividend Distribution Policy
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	Considering the current economic outlook, the long term strategies, the liquidity, investment and financing policies of the Company as well as to protect the long term interests of shareholders, employees and the Company, the decision was taken not to distribute the 2021 profit and to add the remaining profit amounting to TL 2,104,155,380 to extraordinary reserves after setting aside the required amount of TL 496,323,401 for the special reserves as per the Article 5/1-e of the Corporate Tax Law No. 5520, in order to strengthen the financial structure of the Company and not to create an additional funding requirement.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/1029471

GENERAL ASSEMBLY MEETINGS

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	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	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	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	The link to the related PDP general shareholder meeting notification
11.05.2022	None.	64.8230%	62.288%	2.5350%	Corporate Governance / General Meetings of Shareholders	Corporate Governance / General Meetings of Shareholders	None.	None.	https://www.kap.org.tr/en/Bildirim/1029471

2. DISCLOSURE AND TRANSPARENCY

3. STAKEHOLDERS

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	The information requested in the corporate governance principle numbered 2.1.1. is available on the Company's Investor Relations website under the sections "About Us, News, Corporate Governance, Financials, Stock Information and Frequently Asked Questions".
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.	Corporate Governance / Ownership Structure
List of languages for which the website is available	Turkish & English
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	It is presented in the Board of Directors and Senior Management sections of the annual report. Statements of independence were presented in the Corporate Governance section of the 2020 Annual Report as board members were selected for three years in the AGM held on June 30, 2020.
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	It is presented in the Corporate Governance section of the annual report.
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	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
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	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
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	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
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	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.
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%	It is presented in Additional Disclosures Required by the Legislation section of the annual report.
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	It is presented in the Employees and Corporate Citizenship sections of the annual report.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM

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	Corporate Governance / Policies / Employee Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	15
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Zorlu Holding Deputy General Manager for Internal Audit & Ethics on behalf of Zorlu Holding AŞ's Ethics Committee (Senem Dal - senem.dal@zorlu.com)
The contact detail of the company alert mechanism	Code of Ethics Hotlines: etik@zorlu.com; etik@vestel.com.tr 0 212 456 23 23 / 0 850 226 23 23

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	The Complaint/Wish/Request Evaluation System, which was created in order to evaluate the complaints, wishes and requests of employees and to increase employee motivation and satisfaction as well as efficiency, is available on the corporate portal which is only open to the Company employees.
Corporate bodies where employees are actually represented	Occupational Health and Safety Committee, Meal Satisfaction and Menu Selection Committee and committees established within the scope of TPM (Total Productive Maintenance) activities

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 succession plan for the key managerial positions of the Company (Deputy General Manager and above), which had been prepared by Zorlu Holding, was reviewed by the Company in 2022.
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.	The Vestel Group of Companies' Recruitment and Placement Regulation, which includes the criteria for equal opportunities and recruitment of personnel, is available on the Company's corporate portal. The Regulation sets out the general rules regarding the employment of individuals, who are compatible with the vision, mission, work requirements and values of the Vestel Group of Companies, by offering them an equal opportunity and by evaluating them fairly and objectively to meet the human resource needs of the Group companies. The Human Resources Policy is available in the Corporate Governance / Policies section on the corporate website.
Whether the company provides an employee stock ownership programme	There is no 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.	The Human Resources Policy is available in the Corporate Governance / Policies / Human Resources Policy section. It is specifically mentioned in all regulations: "No discrimination is permitted in applications on the basis of gender, age, religion, race, sect, social status, physical appearance, ethnic origin, nationality, sexual orientation or any other personal characteristics."
The number of definitive convictions the company is subject to in relation to health and safety measures	3

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Corporate Governance / Code of 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.	It is presented in the Sustainability section of the corporate website under the “Environmental Sustainability”, “Social Sustainability” and “Corporate Sustainability” headings.
Any measures combating any kind of corruption including embezzlement and bribery	These measures are included in the Zorlu Holding Ethical Principles, which is available under the heading of the Code of Ethics in the Corporate Governance section on the Company’s corporate website.

4. BOARD OF DIRECTORS-I

4.2. Activities of the Board of Directors

Date of the last board evaluation conducted	-
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	Chairman: Ahmet Nazif Zorlu, Vice Chairman: Bekir Ağır. All members of the Board of Directors have been given first degree signature authority. With the Board resolution dated 30.06.2020 and numbered 2020/32, any member of the Board of Directors who has first degree signature authority is authorized for three years to represent and bind the Company without any monetary limitation in any matter with a joint signature together with Ahmet Nazif Zorlu.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	2
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	It is presented in the Corporate Governance section of the annual report.
Name of the Chairman	Ahmet Nazif Zorlu
Name of the CEO	Enis Turan Erdoğan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different individuals.
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	https://www.kap.org.tr/en/Bildirim/1039473
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no such policy.
The number and ratio of female directors within the Board of Directors	Number: 2 Ratio: 29%

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE 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 of experience on Audit, Accounting and/or Finance or Not
Ahmet Nazif Zorlu	Non-executive	Not independent director	14.09.1995	-	-	-	-
Bekir Ağırdir	Non-executive	Independent director	09.05.2018	https://www.kap.org.tr/en/Bildirim/919337	Considered	No	Yes
Selen Zorlu Melik	Non-executive	Not independent director	19.06.2012	-	-	-	-
Mehmet Emre Zorlu	Non-executive	Not independent director	27.05.2009	-	-	-	-
Olgun Zorlu	Non-executive	Not independent director	27.05.2009	-	-	-	-
Ayşegül İlideniz	Non-executive	Independent director	09.05.2018	https://www.kap.org.tr/en/Bildirim/919337	Considered	No	-
Elmas Melih Araz	Non-executive	Independent director	09.05.2018	https://www.kap.org.tr/en/Bildirim/919337	Considered	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	Board meetings were held simultaneously in physical and virtual environments and physical attendance was made optional. A total of 12 meetings were held in this way in 2022.
Director average attendance rate at board meetings	83.3%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	1 week before the meeting
The name of the section on the corporate website that demonstrates information about the board charter	It is specified in the Article 16 of the Articles of Association which is available in the Corporate Governance section of the website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	It is presented in the Corporate Governance section of the annual report.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/220052 https://www.kap.org.tr/tr/Bildirim/267337 https://www.kap.org.tr/tr/Bildirim/348328 https://www.kap.org.tr/tr/Bildirim/348330 https://www.kap.org.tr/tr/Bildirim/348331

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	-	Elmas Melih Araz	Yes	Board member
Audit Committee	-	Bekir Ağırdir	No	Board member
Corporate Governance Committee	-	Bekir Ağırdir	Yes	Board member
Corporate Governance Committee	-	Selen Zorlu Melik	No	Board member
Corporate Governance Committee	-	Serap Mutlu	No	Not board member
Committee of Early Detection of Risk	-	Elmas Melih Araz	Yes	Board member
Committee of Early Detection of Risk	-	Selen Zorlu Melik	No	Board member

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE INFORMATION FORM

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)	It is presented in the Corporate Governance section of the annual report.
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)	It is presented in the Corporate Governance section of the annual report.
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)	It is presented in the Corporate Governance section of the annual report.
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)	It is presented in the Corporate Governance section of the annual report.
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)	It is presented in the Corporate Governance section of the annual report.

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)	It is presented in the Message from the CEO, Financial Performance and Evaluation of Product Groups for the Year 2022 sections of the annual report.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Corporate Governance / Policies / Remuneration Policy
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)	It is presented in the Additional Disclosures Required by the Legislation section of the annual report.

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%	6	5
Corporate Governance Committee	-	67%	33%	5	2
Committee of Early Detection of Risk	-	100%	50%	6	6

STRUCTURE OF THE BOARD OF DIRECTORS

Vestel Elektronik is managed, represented and bound by a Board of Directors composed of a minimum of five and maximum of eleven members to be elected by the General Assembly.

Majority of the members of the Board of Directors consists of non-executive members.

The number and qualifications of the independent members who will serve on the Board of Directors are determined in accordance with the Capital Market Legislation and the regulations concerning corporate governance of the Capital Markets Board. Chairman or vice-chairman of the Board is elected from amongst the independent members. Board members are elected from amongst individuals, who have the knowledge and experience about the sector and the field of operation of the Company, preferably with higher education, with skills to read and analyze financial statements and reports and the basic information about the legal regulations applicable to the Company's daily and long-term transactions and dispositions, and who have the opportunity and determination to attend all of the scheduled meetings of the Board of Directors for the relevant budget year.

Board members are elected for a period of minimum of one and maximum of three years. Board members whose term of office expires may be re-elected. General Assembly may replace board members at any time.

Board meetings are held at the Company's head office, when deemed necessary and at least once a month. Chairman and in his absence, the vice-chairman, invites the Board of Directors to convene a meeting. Apart from this, any member may request the Board Chairman to invite the Board to convene. The Board convenes with the absolute majority of the total number of members and resolves with the majority of those present. Regulations imposed by the Corporate Governance Principles of the Capital Markets Board also apply.

Vestel Elektronik's Board of Directors consists of a total of 7 members, three (43%) of whom are independent. All Board members are non-executive. Independent members fulfill the independence criteria envisaged in the CMB's Communiqué on Corporate Governance No. II-17.1. Independent board member candidates were determined by the resolution of the Board of Directors based on the evaluation and proposal of the Corporate Governance Committee. The candidates for independent board membership submitted their written statements of independence within the framework of the legislation, Articles of Association and the independence criteria set forth in the Communiqué on Corporate Governance to the Corporate Governance Committee at the time of their nomination. The Committee submitted its evaluation reports on whether these candidates fulfill the independence criteria to the Board of Directors and the Board decided that these candidates would be submitted to the approval of shareholders at the General Assembly to be elected as independent members to the Board.

2 female members serve on the Board of Directors, one of whom is an independent director and the ratio of female members on the Board is 29%.

The board members were elected to serve for 3 years at the Annual General Meeting held on June 30, 2020.

The average term of office for the current board members is 11.3 years.

No board member, including the chairperson, has a preferential voting right. Each member possesses an equal vote.

Chairperson and CEO are separate individuals.

CORPORATE GOVERNANCE

THE DUTIES AND AUTHORITIES OF THE BOARD OF DIRECTORS

The Board of Directors manages and represents the Company. In addition to this main task, the Board of Directors is also responsible to the Company's stakeholders (customers, employees, suppliers and other stakeholders).

The following are the non-transferable and inalienable duties and powers of the Board of Directors:

- Managing the company at a high level and including the issue of instructions,
- Determining the management organization of the company,
- Establishing the necessary order for financial planning to the extent required by accounting, financial audit and management of the company,
- Appointment and dismissal of managers and persons serving the same purpose and who hold the authority to sign,
- Higher supervision of whether the persons responsible for management act in accordance with the laws, articles of association, internal guidelines and written instructions of the Board of Directors,
- Keeping the books of shares, the Board of Directors' resolutions and minutes of the general shareholders' meetings, preparation of the annual report and corporate governance report and submission to the General Assembly, organization of the General Shareholders' Meetings and execution of the General Assembly decisions,
- Taking the measures stipulated in the Article 376 of the Turkish Commercial Code in case of loss of capital or insolvency.

In this context, the responsibilities of the Board of Directors are as follows:

- To act cautiously in line with duty of care and supervision,
- To determine the company's short- and long-term goals,
- To examine the strategies which will be implemented to achieve the company's goals, to contribute to their development and to ensure their implementation,
- To examine the strategic and financial performance of the company and to take measures for improvement,
- To select the general manager, evaluate him/her in accordance with certain performance criteria and to determine his/her remuneration,
- To ensure the administrative and financial audit of the company,
- To ensure that the Board of Directors has the structure and function required to ensure the effective and efficient operation of the sub-committees of the Board of Directors and senior management, and to determine their performance criteria,
- To determine the communication and relationship approach taken by the company in communicating with the stakeholders and external authorities,
- To determine and implement business ethics rules for the company and its employees,
- To ensure that the company's internal and external activities and actions comply with the relevant legislation.

The Board of Directors is authorized to take decisions on all kinds of work and transactions as required to perform the company's business activities, except those to be taken by the General Assembly in accordance with the law and the Articles of Association.

BOARD COMMITTEES

- In order to assist the Board of Directors to perform its duties and responsibilities more effectively, a Corporate Governance Committee, an Early Detection of Risk Committee and an Audit Committee have been set up under the Board in line with the Capital Markets Board's Corporate Governance Principles. Owing to the nature of the Board structure, the Company has not set up a separate "Remuneration Committee" or a "Nomination Committee", the duties of which are performed by the Corporate Governance Committee.
- As per the Corporate Governance Principle No. 4.5.3, all members of the Audit Committee and the chairpersons of other committees are elected from among the independent members of the Board.
- The independent board members, Mr. Bekir Ağırđır and Mr. Elmas Melih Araz serve on more than one committee due to the number of the Board members and the committee formation requirements in accordance with the CMB's Corporate Governance Principles.
- Committees convene at intervals stipulated by the legislation and the related Committee's working principles or upon a request from a member. The committees submit their reports containing information about their work and meeting results to the Board of Directors.
- Any and all resources and support required for the committees to fulfill their duties effectively are provided by the Board of Directors. The committees can invite anyone they deem necessary to their meetings and take their opinions.
- Duties, working principles and the members of the Committees are determined by the Board of Directors and are disclosed to the public on the Public Disclosure Platform and the Company website.

Audit Committee

- The Audit Committee was set up for the effective oversight of the Company's financial and operational activities pursuant to the Article 3 of the CMB's Communiqué Serial X, No. 19. The Committee is responsible for the supervision of the Company's accounting system, public disclosure of financial information, independent audit and the functioning and efficiency of the Company's internal control and internal audit system.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Audit Committee" were revised and approved at the Board of Directors' meeting dated March 27, 2014. The revised working principles were made available to the shareholders through the Public Disclosure Platform and the Company's website.
- The Audit Committee is structured in accordance with the Capital Markets Board's Corporate Governance Principles and comprises two members.
- The Chairman of the Committee was elected from among the independent members of the Board and certain criteria were taken into account in the election process. Care is taken to ensure that the Chairperson of the Committee previously held a similar role, has the knowledge to analyze financial statements, is well-versed in accounting standards, and is highly qualified.
- Both members of the Audit Committee were elected from among the independent Directors. The Chairman of the Committee is Mr. Elmas Melih Araz, and the other member is Mr. Bekir Ağırđır.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 11 May 2022:

Committee Members	Duty	Status
Elmas Melih Araz	Chairman of the Committee	Independent Board Member
Bekir Ağırđır	Member of the Committee	Independent Board Member

CORPORATE GOVERNANCE

BOARD COMMITTEES

- In principle, the Audit Committee shall convene at least four times a year, being once in each quarter. The Committee convened six times in 2022.
- The Committee carries out its activities in line with the working principles set out in detail and in writing.
- In 2022, the Audit Committee performed the following functions:
 - Monitoring the Company's financial and operational activities,
 - Supervision and approval of the compliance of the annual and interim financial statements to be disclosed to the public with the accounting principles followed by the Company as well as their accuracy and veracity,
 - Selection of the independent audit firm, preparation of the independent audit contract and initiation of the independent audit process,
 - Monitoring the effectiveness and performance of the independent audit activity,
 - Overseeing the functioning and effectiveness of the internal control and internal audit system,
 - Reviewing the reports relating to the internal control and internal audit studies conducted during the reporting period.

Corporate Governance Committee

- The Corporate Governance Committee was established to monitor the Company's compliance with the CMB's Corporate Governance Principles, carry out studies for improvement and make proposals to the Board of Directors in order to improve the implementation of corporate governance practices.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Corporate Governance Committee" were revised and approved at the Board of Directors' meeting dated 27 March 2014. The revised version of the working principles was disclosed to shareholders via the Public Disclosure Platform and the Company website.
- The Corporate Governance Committee is composed of at least three members, including two non-executive Board Members and the Investor Relations Manager. The Chairman of the Committee is Mr. Bekir Ağırdir, an independent Board member.
- Corporate Governance Committee also fulfills the duties of the Nomination Committee and the Remuneration Committee.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 11 May 2022:

Committee Members	Duty	Status
Bekir Ağırdir	Chairman of the Committee	Independent Board Member
Selen Zorlu Melik	Member of the Committee	Non-executive Board Member
Serap Mutlu	Member of the Committee	Investor Relations Director

- In principle, the Committee convenes at least twice a year in order to ensure the effective performance of its duties. Corporate Governance Committee convened five times in 2022.
- The activities carried out by the Corporate Governance Committee in 2022, in line with its detailed and written working principles, are presented below:
 - Making proposals to the Board of Directors to improve corporate governance practices within the scope of compliance with the Capital Markets Board's Communiqué on Corporate Governance no. II-17.1 and engaging in and overseeing activities required for compliance with the legislation within the Company,
 - Overseeing the activities of the Investor Relations Department,
 - Carrying out the activities related with the Corporate Governance Rating,
 - Within the scope of the Remuneration Committee duties, submission to the Board of its recommendation for the remuneration of the members of the Board of Directors and executives with administrative responsibility for 2022, which takes into account their progress in meeting the remuneration criteria.

Early Detection of Risk Committee

- The Early Detection of Risk Committee was established in order to identify risks which could threaten the existence, development and continuity of the Company, take necessary measures against these risks and undertake risk management activities in line with the Turkish Commercial Code, Articles of Association and CMB's Communiqué on Corporate Governance. The Committee continues its activities with regard to the early detection of threats which may have negative consequences on the development and continuity of the Company and manage the risks effectively by developing action plans against such threats.
- Pursuant to the CMB's Communiqué on Corporate Governance No. II-17.1, the "Working Principles of the Early Detection of Risk Committee" were revised and approved at the Board of Directors' meeting dated 27 March 2014. The revised working principles were made available to the shareholders through the Public Disclosure Platform and the Company's website.
- The Early Detection of Risk Committee is composed of at least two Board members. In case the Committee has only two members, both of them, and in case it has more than two members, the majority of them, must be non-executive Board members. The Chairman of the Committee is Mr. Elmas Melih Araz, who is an independent Board member. The other member of the Committee is the Board member Mrs. Selen Zorlu Melik.
- Early Detection of Risk Committee submits a report to the Board of Directors every two months.

The structure of the Committee and membership information are as follows as per the decision taken in the Company's Board meeting on 11 May 2022:

Committee Members	Duty	Status
Elmas Melih Araz	Chairman of the Committee	Independent Board Member
Selen Zorlu Melik	Member of the Committee	Non-executive Board Member

- The Early Detection of Risk Committee convenes at least 3 times a year, but as often as necessary for the effectiveness of its activities and as explained in its working principles. The Committee held six meetings in 2022 and presented six risk reports to the Board of Directors.
- The activities carried out by the Committee in 2022, in line with the working principles put into writing in detail, are presented below:
 - High level risk assessment was carried out and an inventory of risks that are critical to the Company in strategic, financial and operational areas was prepared.
 - Risks were classified according to the following criteria on the risk map, where they are positioned according to their impact and probability levels.

CORPORATE GOVERNANCE

BOARD COMMITTEES

By Level of Potential Impact:

- Negligible
- Minor
- Moderate
- Serious
- Critical

By Level of Likelihood:

- Rare
- Low
- Possible
- High
- Almost Certain

- Sector and company based risks contained in the risk reports were grouped under 9 main risk headings (External Environment, Operational, Authorization, Information Technology and Technology, Honesty/Integrity, Financial, Process/Operational, Reporting and Strategic) according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission) risk taxonomy.
- As a result of these assessments, it was seen that the risks were generally concentrated under the main headings of External Environment, Operational, Financial and Strategic Risks.
- As a result of the risk inventory and the Enterprise Risk Management Department's research, risk reports were prepared and submitted to the Committee in order to ensure early detection of risks which may jeopardize the Company's existence, development and continuity and adoption of the necessary measures against these risks and management of risk. These reports are as follows:
 - Results of the Risk Assessment Survey 2021 for Vestel Group of Companies
 - Russia - Ukraine Crisis and Sanctions Implemented
 - Post-Pandemic Future of the World and the Economy
 - Risks Threatening the Global Economy in the Framework of the Global Risks Report
 - Impacts of Recession in Europe on the Turkish Economy
 - The Global Economic Outlook and the Expectations for the Turkish Economy in 2023

EVALUATION OF THE BOARD OF DIRECTORS REGARDING THE WORKING PRINCIPLES AND EFFECTIVENESS OF THE BOARD COMMITTEES

The Board Committees were established to support the Board of Directors in fulfilling its duties and responsibilities more effectively. In line with the Corporate Governance Principles of the Capital Markets Board, at its meeting on 11 May 2022, the Board of Directors resolved to:

- Elect Mr. Bekir Ağır, Independent Member of the Board, as the Chairman of the Corporate Governance Committee and Ms. Selen Zorlu Melik, Board Member, and Ms. Serap Mutlu, Investor Relations Director, as Committee members,
- Elect Mr. Elmas Melih Araz, Independent Member of the Board, as the Chairman of the Audit Committee and Mr. Bekir Ağır, Independent Member of the Board, as Committee Member,
- Elect Mr. Elmas Melih Araz, Independent Member of the Board, as the Chairman of the Early Detection of Risk Committee and Mrs. Selen Zorlu Melik, Board Member, as Committee Member.

Due to the structure of the Board, the Company did not establish a separate “Remuneration Committee” and a “Nomination Committee”. The duties of these committees are fulfilled by the Corporate Governance Committee.

The “Working Principles” of the Board Committees were revised in accordance with the CMB’s Communiqué on Corporate Governance No. II-17.1 and approved at the Board meeting held on 27 March 2014. The revised working principles were made available to the shareholders through the Public Disclosure Platform and the Company’s website (www.vestelinvestorrelations.com).

In 2022, the Board Committees performed their duties and responsibilities effectively as required in the Corporate Governance Principles and their own Working Principles.

In compliance with the way required for the effectiveness of their functions, their Working Principles and annual meeting schedules, in 2022:

- The Corporate Governance Committee convened four times,
- The Corporate Governance Committee convened once to fulfill the duties of the Remuneration Committee,
- The Audit Committee convened six times,
- The Early Detection of Risk Committee convened six times.

The Committees submitted reports on their activities and the results of their meetings to the Board of Directors. According to these meetings:

- The “Corporate Governance Committee”, which was established in line with the Capital Markets Board’s Communiqué on Corporate Governance in order to monitor the Company’s compliance with the Corporate Governance Principles, carry out studies for improvement, and submit proposals to the Board of Directors, monitored the Company’s compliance with the Corporate Governance Principles, made recommendations to the Board to improve compliance with the non-mandatory principles and oversaw the activities of the Investor Relations Department.
- The Corporate Governance Committee also fulfills the duties of the Remuneration Committee. Within the scope of its duties as the Remuneration Committee, the Corporate Governance Committee submitted to the Board of Directors its proposal for the remuneration of Board members and executives with administrative responsibility for 2022, by taking into account the extent of the fulfilment of the remuneration criteria.
- The “Audit Committee”, which was established for the supervision of the Company’s accounting system, the independent audit, public disclosure of financial information, and functioning and efficiency of the Company’s internal control and internal audit system, presented its views and recommendations in the areas of its responsibility to the Board of Directors.
- The “Early Detection of Risk Committee”, which was established for the early detection of risks that could threaten the Company’s existence, development and continuity, implementation of necessary measures against these risks and management of risk, carried out a high-level risk assessment, prepared an inventory of critical risks for the Company in strategic, financial and operational areas and prepared and submitted six Risk Reports to the Board as a result of its risk inventories and Enterprise Risk Management Department’s research during the year within the scope of its duties set forth in its Working Principles.

APPENDICES

APPENDIX 1: ABOUT THE REPORT

This report covers Vestel Elektronik Sanayi ve Ticaret AŞ's integrated business model that creates long-term value for its stakeholders, its material issues, risk and opportunity management, future strategies and performance indicators on financial, environmental, social and corporate areas.

Unless otherwise stated, the information and data in this report cover the data of Vestel Elektronik Sanayi ve Ticaret AŞ and its subsidiaries and the period between January 1 - December 31, 2022.

Environmental performance indicators cover the production facilities and internal warehouses of Vestel Elektronik, Vestel Komünikasyon and Vestel Beyaz Eşya. Vestel Elektronik's six factories (electronic card, EPS, plastic, pre-assembly, High-End, digital factory) are located in Manisa Organized Industrial Zone. Vestel Komünikasyon's factory, which produces electric vehicle chargers, set top boxes, LED lighting and batteries, is located in the Aegean Free Zone. On the other hand, Vestel Beyaz Eşya produces at seven production facilities in Vestel City (Refrigerator I-II Factories, Washing Machine Factory, Tumble Dryer Factory, Dishwasher Factory, Cooking Appliances Factory, Air-Conditioner Factory and Water Heater Factory).

This report has been prepared in accordance with the GRI Standards "Core" category and is based on the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC). The report also encompasses Vestel's progress achieved under the United Nations Global Compact (UNGC) and its contributions to the United Nations (UN) Sustainable Development Goals. You can see the table prepared according to UNGC principles in Appendix 7.

Vestel Elektronik continues to work towards full compliance with the Sustainability Principles. Detailed information on this subject is available in the Statement of Compliance table in Appendix 8.

Vestel had its social and environmental performance indicators in its 2022 integrated annual report verified by independent third parties.

APPENDIX 2: STAKEHOLDER RELATIONS

Communication and collaboration with stakeholders constitute one of the key elements of Vestel's value creation model. Vestel establishes dialogue with various stakeholders through various channels and integrates its stakeholders' views into decision-making processes. Under the stakeholder analysis conducted in 2021, the Company reached employees, suppliers, analysts, investors, customers, authorized dealers and service providers, universities, sectoral associations and initiatives, CSOs, media and local governments and received the opinions of its stakeholders on its sustainability priorities. Under the strategy that it has shaped depending on these priorities, Vestel aims to annually share its performance with the public through its integrated reports. The Company participates in multi-stakeholder initiatives, takes part in associations and initiatives, and contributes to the development of public policies. The Company has been playing an active role in TUSIAD Environment and Climate Change Working Group since 2019. In 2020, in addition to the main working group, Vestel also participated in the newly established Circular Economy Sub-Working Group. In 2021, the Company took part in sub-working groups such as Circular Economy and Waste Management, Climate Change and the Paris Agreement, EU and International R&D Support Programs.

Vestel closely follows developments within the scope of the European Union (EU) Green Deal. It contributes to policy development processes by taking part in the activities of TUSIAD EU Green Deal Task Force. Through Vestel Beyaz Eşya, Vestel took over the TOBB DTM Environmental Commission Presidency in 2020. In this context, it actively followed the harmonization efforts of the Ministry of Environment and Urbanization of the Republic of Türkiye on the environmental legislation, especially the Recycling Participation Fee (GEKAP), and contributed to the policy-making processes. Vestel plays an active role in the working groups of various organizations, especially TURKBESD Environment Working Group. The Company also became a member of APPLiA's Consortium on Microplastics Release in 2021.

Vestel CEO is a board member of TURKTRADE.

Methods for Communication with Stakeholders

Stakeholder Group	Communication Channels	Frequency of Communication
Employees	In-house information in different formats (e-mail, digital screens, online platforms, face-to-face meetings, Corporate portal)	Daily
	Surveys, opinion and recommendation kiosks	
	Trainings	
	Annual corporate meetings	
	Integrated reports	
	Online and physical in-house leader communication sessions	
	Principles of Industrial Excellence	
Sectoral Organizations and Associations, CSOs, International Organizations	Membership in professional associations	Monthly
	Presidency of the board of directors in professional and sectoral associations	
	Integrated reports	
	Research reports	
	Participation in seminars and summits	
Suppliers	Supplier Code of Conduct	Weekly
	Trainings	
	Audits and counts	
	Periodic review meetings	
	Announcements	
	Integrated reports	

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Stakeholder Group	Communication Channels	Frequency of Communication
Investors, Shareholders and Analysts	Disclosures on the Public Disclosure Platform	Weekly
	Press releases	
	Investor Relations website	
	Integrated reports	
	One-on-one meetings and e-mail correspondence	
	Phone calls	
	Video conferences	
	Investor conferences and roadshows	
	General Assembly meetings	
	Financial statements and interim activity reports	
	Presentations for investors	
	Broker reports	
Public Institutions	One-on-one visits	Monthly
	Team meetings with relevant institutions	
	Reports, analyses	
	Public events	
Media	Press releases and interviews	Weekly
	Ads	
	Social media	
	Web site	
	Press conferences	
	Fair visits	
	Reports and surveys	
Consumers and Customers	Press releases and interviews	Daily
	One-on-one meetings with corporate clients	
	Ads	
	Social media	
	Web site	
	Customer services	
	Integrated reports	
Local Community	Regular visits	Quarterly
	Integrated reports	
	Seminars and training activities	
	Social responsibility projects	
Universities	University career events	Monthly
	University and student club sponsorships	
	Reports and surveys	
	Joint ventures and projects	

APPENDIX 3: ASSOCIATION MEMBERSHIPS AND SUPPORTED INITIATIVES

German-Turkish Chamber of Commerce and Industry
 APPLiA
 Association of Lighting Equipment Manufacturers (AGID)
 United Brands Association of Türkiye
 CDP Worldwide
 CHAdEMO Association
 Charging Interface Initiative
 Call Centers Association
 Foreign Economic Relations Board (DEİK)
 Digital Illumination Interface Alliance
 DVD Copy Control Association
 ECOVADIS
 Aegean Industrialists and Businessmen Association (ESİAD)
 Electrical and Electronics Recycling and Waste Management Association (ELDAY)
 Electronic Device Manufacturers Association (ECID)
 European Telecommunications Standards Institute (ETSI)
 Association for the Protection of Intellectual Property
 Global Compact Türkiye
 HDR10+
 Interaction Design Foundation
 Air-Conditioning and Refrigeration Manufacturers' Association (İSKİD)
 Istanbul Chamber of Industry
 Istanbul Chamber of Commerce

KALDER (Quality Association of Türkiye)
 Manisa Chamber of Commerce and Industry
 Muradiye Organized Industrial Zone
 Open Charge Alliance
 S&P Global
 SAFE EV
 BCSD Türkiye (Business Council for Sustainable Development)
 Portable Battery Manufacturers and Importers Association (TAP)
 Automotive Suppliers' Association of Türkiye (TAYSAD)
 TechUK
 Telecommunication Satellite and Broadcasting Business People Association (TUYAD)
 White Goods Manufacturers' Association of Türkiye (TURKBESD)
 Foreign Trade Association of Türkiye (TURKTRADE)
 Education and Development Platform of Türkiye (TEGEP)
 Quality Association of Türkiye (KalDer)
 UHD Alliance
 International Competition and Technology Association (URTEB)
 University-Industry Cooperation
 WIFI Alliance
 Wireless Power Consortium
 World Design Organization
 Turkish Investor Relations Society (TÜYİD)
 Authorized Economic Operator Association
 Chain Stores Association

	2019	2020	2021	2022
Amount spent on memberships (TL)	962,297	1,012,514	1,623,104	3,505,554

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APPENDIX 4: INTEGRATED MANAGEMENT SYSTEMS AND ENVIRONMENTAL MANAGEMENT

Activities carried out under the umbrella of the Integrated Management System are performed as per TS EN ISO 9001 Quality Management System, TS EN ISO 14001 Environmental Management System, TS EN ISO 50001 Energy Management System, TS EN ISO 14064 Greenhouse Gas Calculation and Verification Standards, 14046 Water Footprint Standards, TS ISO 45001 Occupational Health and Safety Management System and TS EN ISO 27001 Information Security Management System. In addition, Vestel Elektronik holds IATF 16949 Automotive Quality Management System Certificate.

Integrated Management Systems (environment, energy, occupational health and safety, information security and quality) Policies of Vestel Elektronik and Vestel Beyaz Eşya are available [here](#).

Certificate	Ratio of Facilities Covered by the Certificate ⁷ (%)
ISO 9001	100
ISO 14001	100
ISO 14046	100
ISO 14064	100
ISO 27001	29
ISO 45001	100
ISO 50001	93
IATF 16949	7

⁷ Vestel Group of Companies' production facilities and internal warehouses are included in the calculation for the rate of facilities holding the certificate.

At Vestel Elektronik and Vestel Komünikasyon, the Environment Working Group, in cooperation with the Management Systems team under the Quality Department as Vestel Elektronik Environment Officer and Environment Management Representative, are responsible for environmental management. Vestel Beyaz Eşya's Environmental Coordination Group ensures that environmental issues are handled within a broader structure along with Vestel Environment Working Group. Management Systems and Customer Relations Manager is responsible for environmental manager as Vestel Beyaz Eşya Environmental Officer and Environmental Management Representative.

Through environmental management systems, Vestel analyzes and records all environmental outputs according to the ISO 14001 standard. In this context, the Company drafts various reports on a monthly and annual basis. It monitors waste water pollution analyses, energy and water consumption, water and carbon footprint, diesel consumption and hazardous and non-hazardous waste quantities on a monthly basis. As per environmental legislation, Vestel indicates this information in the monthly evaluation report. It uses environmental monitoring and measurement tracking programs to collect and calculate environmental data. The Company tracks energy and water consumption data through invoices and meters, and waste through the registration system. Vestel reports its carbon footprint in its electronics and major household appliances factories according to ISO 14064 standard and its water footprint according to the ISO 14046 standard and has it verified by independent third parties.

In 2021, Vestel continued to reach employees through digitalized trainings. Increasing efficiency in 2022, it provided 1,565 hours of training on environmental and waste issues.

In 2022, Vestel spent a total of TL 19.5 million as environmental investment and expenditure. In the last four years, no environmental penalty has been imposed and no environmental penalty has been paid.

In addition to complying with all national laws which are binding on Vestel, especially the Environmental Law as specified by the Ministry of Environment and Urbanization of the Republic of Türkiye, the Company also fully complies with the following regulations intended for the sector in Europe and at the global level:

- Directive on Waste Electrical and Electronic Equipment (WEEE),
- Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS),
- Regulation of the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH),
- Ecodesign Framework Directive for Energy-Related Products,
- Energy Efficiency Law and the Regulation on Increasing Efficiency in the Use of Energy Resources and Energy,
- Applicable energy label regulations issued for each product group,
- Environmental Law No. 2872 and related regulations.

Biodiversity

There is no habitat for the species which are of importance for scientific studies and/or are or may be endangered as well as the endemic species for our country, biosphere reserve, biotope, biogenetic reserve area, unique geological and geomorphological formation in Manisa Organized Industrial Zone (MOIZ) and Aegean Free Zone (ESBAŞ), where Vestel's production facilities are located. All production facilities were assessed in accordance with the Environmental Impact Assessment Regulation (EIA) during the establishment phase and in case of any process change and/or capacity increase, and negative environmental impacts that could have arisen from construction and operation activities were assessed. As a result of previous environmental impact assessments, it was found out that the species under protection did not live and endangered flora species did not grow within the Company's operating area. Since its production facilities are established in the Organized Industrial Zone and Free Zone, Vestel's operating areas are industrial areas, and there are only industrial areas within a 2 km radius of its operating areas, flora-fauna studies are not carried out. At Vestel, we are committed to complying with the Environmental Law No. 2872 and the regulations issued pursuant to this law regarding potential measures.

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Air Emissions

In addition to greenhouse gas emissions, various air emissions occur as a result of production processes. In order to keep emissions within the limits of regulations, Vestel measures emissions every two years as per the Regulation on the Control of Industrial Air Pollution. According to the air emission measurements carried out in 2022, all parameters (CO, NOx, SOx, VOC, Dust) are below the limit values.

Annual total air emissions ⁸ (tonnes)	2020	2022
Nox	33.85 ✓	43.47 ✓
Sox	0.14 ✓	0.77 ✓
Persistent organic pollutants (POP)	- ✓	- ✓
Volatile organic compounds (VOC)	3.32 ✓	9.44 ✓
Dust (PM)	12.27 ✓	39.05 ✓

⁸ Under legal compliance, these values are measured every two years. Measurements were made in 2022. There is no perfluorocarbon emission.

There is domestic and industrial wastewater in the factories located in Manisa campus. This wastewater is discharged into the sewage network of Manisa Organized Industrial Zone. The facility holds a Connection Permit Certificate and Connection Quality Control Permit Certificate issued by Manisa OIZ in accordance with the Regulation on Water Pollution Control. Pollution loads of wastewater are measured by MOIZ by taking samples every 15 days. Measurement values were found to be below the limit values specified in the Regulation on Water Pollution Control. The factory in Izmir has domestic wastewater. This wastewater is discharged into the sewage network of Izmir Organized Industrial Zone. The facility holds a Connection Permit Certificate and Connection Quality Control Permit Certificate issued by Izmir ESBAŞ in accordance with the Regulation on Water Pollution Control. Pollution loads of wastewater are measured by ESBAŞ by taking samples every year. Measurement values were found to be below the limit values specified in the Regulation on Water Pollution Control.

Total annual water emissions (tonnes)	2022
Chemical oxygen demand (COD)	768 ✓
Total Suspended Solids	180 ✓

Appendix 5: AWARDS

Digitalization-Technology Awards

Award for Vestel's HCA Cloud Solution

Vestel won second place in the PaaS category at the IDC Cloud Awards organized by the International Data Corporation (IDC) with its HCA (Home Connectivity Alliance) solution, which was implemented to create a common IoT standard with international technology companies.

Sustainable Business Awards

Vestel's washing machine with microfiber filter received the "Sustainable Innovation" Award in the product category at the Sustainable Business Awards.

Full Marks from German Organization VDE

Vestel's major household appliances, which consume less energy and water thanks to their innovative technologies, received full marks from the German VDE, one of Europe's most prestigious independent testing organizations.

R&D Award

ITEA Award of Excellence 2022 for Business Impact

The CyberFactory project, in which innovative technologies were developed to address the security and cyber security needs of production processes, was completed with the participation of 34 partners from 6 countries. The project, led by Vestel Software and IoT Group, was awarded the "ITEA Award of Excellence 2022 for Business Impact 2022" by EUREKA ITEA (Information Technology for European Advancement).

Innovation Award

Vestel's battery-powered, portable smart TV, WiFi Mobile TV, received the Innovation Award at the Innovation Day 2022 event organized by Denmark's largest retailer Salling Group. With this award, Vestel WiFi Mobile TV will meet consumers on the front shelves of Denmark's largest retail chains, Bilka and fætex.

Design Awards

Good Design Awards

Good Design, one of the world's most recognized and prestigious design award programs organized by the Chicago Athenaeum Museum of Architecture and Design, has been recognizing successful products since 1950. Vestel received 24 awards for its designs at Good Design, which aims to raise awareness about contemporary product design and honors industry leaders as well as products.

Plus X Award

In 2022, more than 700 international brands from 80 different sectors competed in the Plus X Awards, one of the world's leading awards in the fields of technology, design, sports and lifestyle.

European Product Design Award (EPDA)

Vestel received seven awards and eight honorable mentions, including the Top Design Award, from the European Product Design Awards (EPDA) for a total of 15 products in both electronics and major household appliances.

Red Dot Design Award

Vestel's Zenith Daylight Four-Door Refrigerator and T110 Aqua Microfiber Filter Washing Machine were awarded at the Red Dot Design Award 2022, one of the world's longest standing and leading design competitions that selects the world's best.

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Vestel UX Group Takes the Lead in Design Leaderboards

Vestel UX Group ranked first in the Design Leaderboards created by A Design Award, one of the world's most prestigious design competitions, with 8 awards in the "Interface & Interaction Design" category among the design groups and agencies participating in the competition.

Export Award

At the TİM Export Awards, an award event organized annually by the Turkish Exporters Assembly, Vestel maintained its uninterrupted export championship in the electrical-electronics sector in 2022 with export revenues of USD 2.6 billion, becoming the top exporter in its sector for the 24th time, and ranked 5th in the country's overall export ranking.

Customer Services Awards

Award to Vestel from Stevie Awards

At the Stevie Awards for Great Employers, a global awards program that recognizes the world's best employers, Vestel's Thermonline project, a measurement and diagnostic device that can measure temperature for the control of heating and cooling performance in durable goods and instantly transfer this temperature data via the cloud, was deemed worthy of the Bronze Award.

Turkish Quality Association (KalDer) Successful Team of the Year Award

With the Thermonline project, Vestel Customer Services Technical Directorate Major Household Appliances Team won the Bronze Award at the 22nd Aegean Region Local Quality Awards organized by the Izmir Branch of the Turkish Quality Association (KalDer).

Çetin Ceviz Awards Best Project Team Award

The Remote Software Installation project, in which Vestel Customer Services and Vestel Elektronik teams work together, won the "Best Project Team" award at the Çetin Ceviz Awards.

Türkiye Call Center Awards

Vestel Call Center was awarded first prize in the "Best Team" and "Best Team Leader" categories, as well as the Commendable Award in the "Best Customer Representative" category.

Marketing and Corporate Communications Awards

Crystal Apple Awards

Vestel received 7 awards in 2022 from the Crystal Apple, organized annually by the Association of Advertising Agencies.

Felis Awards

Vestel received a total of 9 awards in 2022, including 3 Felis, 1 Bronze and 5 Achievement awards, at the Felis Awards organized by MediaCat to emphasize the role of effective creativity in marketing efforts in the advertising and marketing industry and to reward the achievements of all teams contributing to the creative sphere.

Hammers Awards

Vestel received a total of 6 awards, 1 of which was Gold, at the Hammers Awards in 2022.

Effie Awards

Vestel received 1 Gold Award with the communication “We Are a Country of Volleyball” at the Effie Awards, organized since 2005 by the Association of Advertisers and the Advertisers Association under license from the American Marketing Association (AMA) and Effie Worldwide Inc.

Vestel also received a total of 58 awards at other award ceremonies, including Direct Marketing Awards, Martech Awards, A Awards, MMA Smarties, Brandverse Awards and Istanbul Marketing Awards.

Other Awards

Efficiency Award

Vestel Elektronik received the “Efficiency Award” at the 8th Efficiency Project Awards organized by the Ministry of Industry and Technology of the Republic of Türkiye.

Vestel Elektronik’s Game Plan Line Balancing and Person Hour Optimization Project, which made it to the finals among 593 projects, was deemed worthy of the Second Prize in the Large Scale Enterprises category.

Gold Hygiene Certificate

According to tests conducted by the world-renowned InFluenc_H Institute in Germany, dishwashers with the Vestel Hygiene 70°C program proved 99.99% effective against viruses and were awarded the highest level Level-3 Gold Hygiene Certificate.

Stand Design Awards

The stand designed by Vestel Ticaret’s Overseas Marketing Team received the “Best Large Stand” Award at the Integrated Systems Europe Fair, which is recognized as one of the most important exhibitions in the AV industry in the world.

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APPENDIX 6: PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS

The following data is the consolidated data of Vestel Group of Companies. Indicators do not include foreign subsidiaries.

Employees by Gender	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees	5,612	11,170	6,225 ✓	12,273 ✓	6,408 ✓	12,288 ✓	6,767 ✓	13,209 ✓
Total	16,782		18,498 ✓		18,696 ✓		19,976 ✓	

Employees by Category	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
White-collar	1,114	2,395	1,060 ✓	2,380 ✓	1,209 ✓	2,509 ✓	1,363 ✓	2,817 ✓
Blue-collar	4,498	8,775	5,165 ✓	9,893 ✓	5,199 ✓	9,779 ✓	5,404 ✓	10,392 ✓

Employees by Working Duration	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Employed for 0-5 Years	3,597	6,259	4,003 ✓	6,925 ✓	3,878 ✓	6,307 ✓	3,979 ✓	6,867 ✓
Employed for 5-10 Years	1,561	2,686	1,732 ✓	2,915 ✓	1,843 ✓	2,968 ✓	1,951 ✓	3,035 ✓
Employed for 10 Years or More	454	2,225	490 ✓	2,433 ✓	687 ✓	3,013 ✓	837 ✓	3,307 ✓

Employees by Gender and Age	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
50 and Above	68	366	68 ✓	354 ✓	90 ✓	397 ✓	134 ✓	577 ✓
Between 30-50	3,099	6,409	3,342 ✓	7,006 ✓	3,489 ✓	7,214 ✓	3,769 ✓	7,780 ✓
30 and Below	2,445	4,395	2,815 ✓	4,913 ✓	2,829 ✓	4,677 ✓	2,864 ✓	4,852 ✓

Managers by Gender and Age	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
50 and Above	8	55	4 ✓	33 ✓	6 ✓	38 ✓	12 ✓	61 ✓
Between 30-50	136	503	128 ✓	491 ✓	157 ✓	526 ✓	168 ✓	529 ✓
30 and Below	11	20	16 ✓	17 ✓	11 ✓	21 ✓	9 ✓	18 ✓
Total	733		689 ✓		759 ✓		797 ✓	

Managers by Categories	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees in Junior Management Positions	88	251	94 ✓	249 ✓	114 ✓	268 ✓	120 ✓	274 ✓
Number of Employees in Middle Management Positions	57	262	48 ✓	254 ✓	54 ✓	280 ✓	61 ✓	296 ✓
Number of Employees in Top Management Positions	10	65	6 ✓	38 ✓	6 ✓	37 ✓	8 ✓	38 ✓
Number of Managerial Employees in Revenue-Generating Functions	45	158	43 ✓	142 ✓	50 ✓	143 ✓	52 ✓	145 ✓
Share of Women in Junior Management Positions	26%		27% ✓		30% ✓		30% ✓	
Share of Women in Middle Management Positions	18%		16% ✓		16% ✓		17% ✓	
Share of Women in Top Management Positions	13%		14% ✓		14% ✓		17% ✓	
Share of Women in Management Positions in Revenue-Generating Functions	22%		23% ✓		26% ✓		26% ✓	

	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees in Science, Technology, Engineering and Math (STEM)-related Positions	399	1,303	452 ✓	1,363 ✓	523 ✓	1,439 ✓	583 ✓	1,589 ✓
Share of Women in STEM-related Positions	23%		25% ✓		27% ✓		27% ✓	
Number of Full-Time Employees in R&D Department	280	1,084	313 ✓	1,184 ✓	320 ✓	1,202 ✓	349 ✓	1,344 ✓
Number of Employees with Disabilities	164	305	125 ✓	313 ✓	127 ✓	329 ✓	135 ✓	330 ✓

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Newly-Hired Employees by Gender and Age	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
50 and Above	1	38	8 ✓	4 ✓	1 ✓	10 ✓	1 ✓	6 ✓
Between 30-50	348	873	692 ✓	1,203 ✓	453 ✓	846 ✓	565 ✓	871 ✓
30 and Below	845	2,893	1,523 ✓	3,165 ✓	1,248 ✓	2,483 ✓	1,317 ✓	2,811 ✓
Total	4,998		6,595 ✓		5,041 ✓		5,571 ✓	

Employees Leaving Their Jobs by Gender and Age and Employee Turnover	2019	2020	2021	2022
Employee Turnover Rate	24%	25% ✓	26% ✓	22% ✓
Turnover Rate for Employees Voluntarily Leaving Their Jobs	20%	23% ✓	24% ✓	19% ✓
Ratio of Vacant Positions Filled with In-house Candidates	16%	17% ✓	19% ✓	15% ✓

Parental Leave	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees Who Took Parental Leave	292	526	281 ✓	504 ✓	257 ✓	501 ✓	289 ✓	550 ✓
Employees Returning from Parental Leave	203	526	162 ✓	504 ✓	163 ✓	501 ✓	176 ✓	550 ✓

Performance Appraisal	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Total Number of Employees Subjected to a Regular Performance and Career Development Evaluation	826	1,899	925 ✓	2,086 ✓	1,060 ✓	2,280 ✓	1,202 ✓	2,432 ✓

Contractor Employees by Gender	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Contractor Employees	300	714	357 ✓	499 ✓	430 ✓	567 ✓	512 ✓	594 ✓
Total	1,014		856 ✓		997 ✓		1,106 ✓	

Employee Trainings	2019	2020	2021	2022
Training Hours for Employees	231,015	230,380 ✓	323,891 ✓	408,769 ✓
Contractor Trainings	2019	2020	2021	2022
Training Hours for Contractor Employees	430	57,232 ✓	50,811 ✓	29,549 ✓

OHS Trainings	2019	2020	2021	2022
OHS Training Hours for Employees	54,440	142,490 ✓	139,035 ✓	150,991 ✓
OHS Training Hours for Contractor Employees	1,672	4,136 ✓	3,750 ✓	4,738 ✓

Environmental Trainings	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees who Received Environmental Training	-	-	- ✓	- ✓	- ✓	- ✓	1,339 ✓	2,351 ✓

ENVIRONMENTAL PERFORMANCE INDICATORS

The following data covers all production facilities and internal warehouses of Vestel Group of Companies, namely Vestel Elektronik (five factories), Vestel Komünikasyon (one factory) and Vestel Beyaz Eşya (seven factories).

Energy Consumption (MWh)	2019	2020	2021	2022
Natural Gas	78,292	81,784 ✓	90,753 ✓	89,204 ✓
Diesel	4,275	3,991 ✓	3,600 ✓	1,890 ✓
Electricity	175,598	191,211 ✓	203,879 ✓	209,469 ✓
Renewable Energy (Electricity)	0	0 ✓	76 ✓	175 ✓
Steam	69,638	62,594 ✓	56,733 ✓	58,462 ✓
Hot Water	18,523	21,941 ✓	20,231 ✓	18,292 ✓
Total	346,325	361,521 ✓	375,272 ✓	377,492 ✓

Greenhouse Gas Emissions (tonnes CO ₂ e) ¹⁰	2019	2020	2021	2022
Scope 1 ¹¹	17,557	18,350 ✓	20,780 ✓	19,839 ✓
Scope 2 ¹²	115,574	115,468 ✓	132,390 ✓	111,721 ✓
Total (Scope 1 and Scope 2)	133,131	133,818 ✓	153,170 ✓	131,560 ✓
Scope 3 ¹³	15,975,957	15,975,957	15,174,094 ✓	14,573,406 ✓

¹⁰Vestel calculated its carbon footprint in accordance with the GHG Protocol standard and reported it in accordance with the requirements in Article "9.3 Content of the greenhouse gas report" in TS EN ISO 14064-1 standard. IPCC 5th Assessment Report was taken as a basis for emission factors in carbon footprint calculations made in accordance with the Tier 1 method. For emission factors that could not be determined through the IPCC report, DEFRA, EPA and Ecoinvent version 3.6 sources were used.

¹¹Scope 1: Direct emissions such as consumed natural gas, fuels used in processes and facilities, refrigerants

¹²Scope 2: Electricity, steam and heat energy purchased at Vestel Elektronik; Electricity and heat energy purchased at Vestel Komünikasyon and Vestel Beyaz Eşya

¹³Scope 3: Calculations for 2021 were made for categories 1, 4, 6, 7 and 11. Calculations for 2019, 2020 and 2022 were made for category 11.

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Direct and indirect emissions within the boundaries of the organization are verified by independent third parties according to the ISO 14064 standard.

Water Withdrawal (m³)	2019	2020	2021	2022
Tap Water	880,651	949,224 ✓	794,548 ✓	792,127 ✓
Groundwater	704,158	713,930 ✓	677,700 ✓	618,917 ✓
Rain Water		-	-	1,263 ✓
Total Water Withdrawal	1,584,809	1,663,154 ✓	1,472,248 ✓	1,412,307 ✓
Amount of Recycled Water	0	0	465	25,158
Amount of Waste Water Discharged to the Network	1,426,328	1,496,838 ✓	1,325,023 ✓	1,271,077 ✓
Total Net Water Consumption ¹⁴	158,481	166,316 ✓	147,225 ✓	141,230 ✓

¹⁴Total Net Water Consumption = Total Water Withdrawal - Water Discharged

The water footprint is verified by independent third parties according to the ISO 14046 standard.

Amount of Waste¹⁵ (tonnes)	2019	2020	2021	2022
Total Hazardous Waste	1,937	1,876 ✓	2,342 ✓	2,328 ✓
Hazardous Waste Recovered for Energy Generation	638	662 ✓	858 ✓	836 ✓
Recovered Hazardous Waste	1,108	1,149 ✓	1,400 ✓	1,446 ✓
Hazardous Waste Sent to Landfill	91	65 ✓	84 ✓	46 ✓
Total Non-Hazardous Waste	53,419	55,378 ✓	64,215 ✓	63,105 ✓
Non-Hazardous Waste Recovered for Energy Generation	1,590	2,679 ✓	3,243 ✓	3,270 ✓
Recycled Non-Hazardous Waste	50,555	51,294 ✓	59,400 ✓	58,383 ✓
Non-Hazardous Waste Sent to Landfill	1,273	1,404 ✓	1,572 ✓	1,453 ✓
Total Waste	55,356	57,254 ✓	66,558 ✓	65,434 ✓
Total Recycled Waste	51,664	52,443 ✓	60,801 ✓	59,829 ✓
Total Waste Disposed	3,592	4,811 ✓	5,757 ✓	5,605 ✓
Total Waste Sent to Landfill	1,364	1,469 ✓	1,656 ✓	1,499 ✓
Total Waste Recovered for Energy Generation	3,561	3,859 ✓	4,101 ✓	4,106 ✓
Recyclability Rate of Waste (%)	93%	92% ✓	91% ✓	91% ✓

Raw Material Consumption¹⁶ (tonnes)	2019	2020	2021	2022
Steel	197,772	216,172	242,614	242,104
Plastics	147,855	155,618	179,119	181,886
Glass	36,788	39,481	46,535	48,553
Paper - Cardboard	25,982	26,495	28,897	29,333
Aluminum	2,917	3,262	4,036	5,410
Paint	2,384	2,797	3,046	3,138
Wood	1,722	1,792	1,993	7,203
Copper	1,015	1,100	1,405	1,852
Other	9,663	10,247	13,658	12,240

¹⁵Waste is recycled or disposed of off-site.

¹⁶Raw materials of the ready-made components were not included in the analysis.

VESTEL ELEKTRONİK 2022 INTEGRATED ANNUAL REPORT REPORTING GUIDELINE

This reporting guideline (“Guideline”) provides information on the methodologies for the preparation, calculation and reporting of the data pertaining to the indicators of Vestel Elektronik Sanayi ve Ticaret A.Ş. (“the Company” or “Vestel Elektronik”) within the scope of limited assurance in the Vestel Elektronik Integrated Annual Report for 2022 (“2022 Integrated Annual Report”).

These indicators include social and environmental indicators. It is the responsibility of the Company’s management to ensure that appropriate procedures are in place for the preparation of the indicators set out below, in all material respects, in accordance with the Guideline.

The information contained in the Guideline covers the fiscal year ending December 31, 2022 and the related operations in Türkiye, which are the responsibility of Vestel Elektronik as detailed in the “Key Definitions and Scope of Reporting” section. Indicators that include contractors are specified in the “Key Definitions and Scope of Reporting” section. Contractors are not included in indicators that are not specified.

General Reporting Principles

The following principles have been considered in the preparation of this guidance document:

- In the preparation of information - to emphasize the basic principles of relevance and reliability of information to users of information,
- In the reporting of information - to emphasize the principles of comparability/consistency of information with other data, including prior year, and the principles of understandability/transparency that provide clarity to users.

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Key Definitions and Scope of Reporting

For the purposes of this report, the Company makes the following definitions:

Type	Indicator	Scope
Environmental	Energy consumption (MWh)	
	Natural Gas (MWh)	Refers to the amount of natural gas consumed by the Company during the reporting period, which is monitored through the invoices sent by service providers (for a period of 12 months) and can be mapped with financial reporting systems. The amount of consumption includes use for industrial operations as well as domestic use.
	Diesel (MWh)	Refers to the amount of diesel consumed by the Company during the reporting period in relation to the use of stationary combustion generators, which is monitored through the invoices sent by service providers and mapped with financial reporting systems, and in relation to the use of factory vehicles (off-road). Only the portion used for industrial operations is included in the consumption amount.
	Electricity (MWh)	Refers to the total amount of electricity purchased by the Company during the reporting period, which is monitored through the invoices sent by service providers (for a duration of 12 months). The amount of consumption includes use for industrial operations as well as domestic use.
	Steam (MWh)	Refers to the total amount of steam purchased by the Company during the reporting period, which is monitored through the invoices sent by service providers. Only the portion used for industrial operations is included in the consumption amount.
	Hot Water (MWh)	Refers to the total amount of hot water purchased by the Company during the reporting period, which is monitored through the invoices sent by service providers. Only the portion used for industrial operations is included in the consumption amount.
	Renewable Energy (MWh)	Refers to the amount of renewable energy generated from the solar panels of Vestel Beyaz Eşya during the reporting period, which is monitored through the Vestel database portal (SolarEdge) tracking system.
	Scope 1 Emissions (tCO₂e)	Refers to the amount of direct greenhouse gas emissions generated during the reporting period by the Company's natural gas consumption, diesel consumption, as well as the diesel, gasoline, and LPG consumption of Company vehicles, which is monitored through the invoices sent by service providers, as well as the emissions from stationary combustion generators and mobile combustion factory vehicles. The Company calculates greenhouse gas emissions in accordance with the "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" standard.

Type	Indicator	Scope
Environmental	Scope 2 Emissions (tCO₂e)	Refers to the amount of indirect greenhouse gas emissions caused by the Company's electricity and hot water consumption during the reporting period. The Company calculates greenhouse gas emissions in accordance with the "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" standard.
	Total Greenhouse Gas Emissions (Scope 1 and 2) (tCO₂e)	Refers to the sum of the Company's Scope 1 Emissions and Scope 2 Emissions during the reporting period.
	Scope 3 Emissions (tCO₂e)	Refers to the Company's indirect greenhouse gas emissions generated during the reporting period from the following categories in the Greenhouse Gas Protocol (GHG Protocol): Category 1: Purchased Goods and Services, which can be mapped through financial reporting systems; Category 6: Business Travel, the kilometers of which are monitored through airline tickets purchased from agencies; Category 7: Employee Commuting, which is monitored through kilometer-based invoices issued by service providers; and Category 11: Use of Sold Products, which can be mapped through financial reporting systems and monitored through product-based sales lists. The Company calculates greenhouse gas emissions in accordance with the "TS EN ISO 14064-1:2018 Greenhouse Gases-Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" standard.
	Water Withdrawal (m³)	
	Tap Water (m ³)	Refers to the amount of tap water consumed at the Auxiliary Facilities-1 and Auxiliary Facilities-2 during the reporting period, which is purchased from Manisa Organized Industrial Zone (MOIZ) and monitored through invoices (for a period of 12 months).
	Groundwater (m ³)	Refers to the amount of groundwater consumed at the the Auxiliary Facilities-1 during the reporting period, which is purchased from Manisa Organized Industrial Zone (MOIZ) and monitored through invoices (for a period of 12 months).
	Rain Water (m ³)	Refers to the amount of rain water obtained during the reporting period from the flow meters in the Company's rain collection tanks and monitored through the Vestel database portal (Vestel Collecting Rain Process).
	Total Water Withdrawal (m ³)	Refers to the sum of the Company's Tap Water, Groundwater and Rain Water consumption during the reporting period.
	Wastewater Discharged to Network (m ³)	Refers to the amount of wastewater received from Manisa Organized Industrial Zone (MOIZ) and discharged during the reporting period, which is monitored through the monthly usage documents shared by MOIZ, with the assumption that wastewater constitutes 90% of the total of Tap Water, Groundwater and Rain Water.
	Total Net Water Withdrawal (m ³)	Refers to the amount of Wastewater Discharged to the Network subtracted from the Total Water Withdrawal of the Company during the reporting period.

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Type	Indicator	Scope
Environmental	Total Annual Air Emissions (tonnes)	
	NOx (tonnes)	Refers to the amount of NOx emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report.
	SOx (tonnes)	Refers to the amount of SOx emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report.
	Volatile organic compounds (VOC) (tonnes)	Refers to the amount of volatile organic compounds (VOC) emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report.
	Dust (PM) (tonnes)	Refers to the amount of Particulate Matter emitted at the facility during the reporting period (as reported in Table 12 of the Air Emissions Measurement Report), which is measured by an accredited organization every 2 years as per the Regulation on the Control of Industrial Air Pollution introduced by the Ministry of Environment, Urbanization and Climate Change, and declared on the Ministry portal with the Air Emissions Measurement Report.
	Total Annual Water Emissions (tonnes)	
	Chemical Oxygen Demand (COD) (tonnes)	Refers to the chemical oxygen demand (COD) value of the wastewater analyzed during the reporting period, which was measured monthly by taking a wastewater sample from the discharge point of the Company and analyzed according to Manisa Organized Industrial Zone's (MOIZ) Regulation on Sampling and Analysis for Water Pollution Control, and monitored through the monthly usage documents shared by MOIZ.
	Total Suspended Solids (TSS) (tonnes)	Refers to the total suspended solids value of the wastewater analyzed during the reporting period, which was measured monthly by taking a wastewater sample from the discharge point of the Company and analyzed according to Manisa Organized Industrial Zone's (MOIZ) Regulation on Sampling and Analysis for Water Pollution Control, and monitored through the monthly usage documents shared by MOIZ.

Type	Indicator	Scope
Environmental	Amount of Waste (tonnes)	
	Total Hazardous Waste (tonnes)	Refers to the sum of the amount of Hazardous Waste Recovered for Energy Generation, the amount of Hazardous Waste Recovered and the amount of Hazardous Waste Sent to Landfill/Solid Waste Site during the reporting period, which is monitored by the Mobile Waste Tracking System (MOTAT) of the Ministry of Environment, Urbanization and Climate Change and declared to the Integrated Environmental Information System.
	Hazardous Waste Recovered for Energy Generation (tonnes)	Refers to the amount of waste declared during the reporting period to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change with a Waste Declaration for the years 2020 and 2021, monitored through the Ministry's Mobile Waste Tracking System (MOTAT) for the year 2022, and recycled by the licensed waste processing facility for energy generation with the code "R".
	Recovered Hazardous Waste (tonnes)	Refers to the amount of waste declared during the reporting period to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change with a Waste Declaration for the years 2020 and 2021, monitored through the Ministry's Mobile Waste Tracking System (MOTAT) for the year 2022, and recovered by the licensed waste processing facility with the code "R".
	Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes)	Refers to the amount of waste declared during the reporting period to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change with a Waste Declaration for the years 2020 and 2021, monitored through the Ministry's Mobile Waste Tracking System (MOTAT) for the year 2022, and sent to the landfill & solid waste site of the licensed waste processing facility with the code "D".
	Total Non-Hazardous Waste (tonnes)	Refers to the Company's total amount of Non-Hazardous Waste Recovered for Energy Generation, Recycled Non-Hazardous Waste and Non-Hazardous Waste Sent to Landfill during the reporting period, which are monitored through invoices and weighbridge receipts obtained from waste processing companies licensed by the Ministry of Environment and Urbanization.
	Non-hazardous Waste Recovered for Energy Generation (tonnes)	Refers to the Company's total waste subjected to the recycling process for the purpose of energy generation and declared to the Ministry of Environment, Urbanization and Climate Change during the reporting period, which is monitored through invoices and weighbridge receipts obtained from the licensed waste processing company.
	Recycled Non-Hazardous Waste (tonnes)	Refers to the Company's total waste subjected to the recycling process and declared to the Ministry of Environment, Urbanization and Climate Change during the reporting period, which is monitored through invoices and weighbridge receipts obtained from the licensed waste processing company.

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Type	Indicator	Scope
Environmental	Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes)	Refers to the Company's total waste subjected to the landfill and disposal process and declared to the Ministry of Environment, Urbanization and Climate Change during the reporting period, which is monitored through invoices and weighbridge receipts obtained from the licensed waste processing company.
	Total Waste (tonnes)	Refers to the sum of the Company's Total Hazardous Waste and Total Non-Hazardous Waste during the reporting period.
	Total Recycled/Recovered Waste (tonnes)	Refers to the sum of the Company's Recovered Hazardous Waste and Recycled Non-Hazardous Waste during the reporting period.
	Total Waste Sent to Landfill (tonnes)	Refers to sum of the Company's Non-Hazardous Waste sent to Landfill/Solid Waste Site and Hazardous Waste sent to Landfill/Solid Waste Site during the reporting period.
	Total Waste Recovered for Energy Generation (tonnes)	Refers to the sum of the Company's Non-Hazardous Waste Recovered for Energy Generation and Hazardous Waste Recovered for Energy Generation during the reporting period.
	Total Waste Disposed (tonnes)	Refers to the Company's Total Recycled/Recovered Waste subtracted from the Company's Total Waste during the reporting period.
	Recyclability Rate of Waste (%)	Refers to the ratio of the Company's Total Recycled Waste to its Total Waste during the reporting period.
Social	Employees by gender (#)	Refers to the breakdown by gender of the total number of employees monitored through the Company's Human Resources data platform during the reporting period, covering all employees logged into the platform as of December 31, 2022, and for whom an employment notification was made to the Social Security Institution.
	Employees by category (#)	Refers to the number of employees monitored through the Company's Human Resources data platform during the reporting period, where employees earning monthly salary are defined as "white-collar" and employees earning hourly salary are defined as "blue-collar".
	Employees by Working Duration (#)	Refers to the total number of employees with a seniority of 0-5 years, 5-10 years and more than 10 years during the reporting period, which is monitored through the Company's Human Resources data platform, based on the employment notification made to the Social Security Institution.
	Employees by Gender and Age (#)	Refers to the number of employees aged 50 and over, between 30-50 and 30 years old and under during the reporting period, which is monitored through the Company's Human Resources data platform, and created with the date of birth information in the employee files following the employment notification made to the Social Security Institution.
	Number of Managerial Employees in Revenue-Generating Functions (#)	Refers to the number of people working in the following positions that the Company defines as income-generating positions during the reporting period, which are monitored through the Company's Human Resources data platform: As the representative of the employer, Chief Executive Officer, General Manager and Deputy General Manager, managers of the Purchasing Department, managers of the Financial Affairs Department, managers of the Finance Department and all managers working in Foreign Trade.
	Share of Women in Management Positions in Revenue-Generating Functions (%)	Refers to the ratio of the number of women in management positions in revenue-generating functions to the total number of employees in management positions in revenue-generating functions during the reporting period.

Type	Indicator	Scope
Social	Share of Women in Management Positions (%)	Refers to the ratio of the number of women in junior level management positions of Senior Director and Director, middle level management position of Manager and top level management positions of Chief Executive Officer, General Manager, Deputy General Manager to the total number of employees in management positions during the reporting period.
	Managers by Category (#)	Refers to the ratio of the number of employees in junior level management positions of Senior Director and Director, middle level management position of Manager and top level management positions of Chief Executive Officer, General Manager, Deputy General Manager during the reporting period.
	Ratio of Female Employees (%)	Refers to the ratio of the number of women at the Company's Management Levels to the total number of employees at the Management Levels during the reporting period.
	Number of Employees with Disabilities (#)	Refers to the number of employees of the Company who fall within the definition of persons with disabilities in the Law No. 5378 on Persons with Disabilities, and for whom an employment notification was made to the Social Security Institution during the reporting period.
	Managers by Gender and Age (#)	Refers to the number of employees in junior level management positions of Senior Director and Director, middle level management position of Manager and top level management positions of Chief Executive Officer, General Manager, Deputy General Manager, with an age breakdown of 50 years and above, between 30-50, and below 30, monitored through the Company's Human Resources data platform, including all employees who had entered the platform as of December 31, 2022, and whose birth date information was taken from their employee files and for whom an employment notification was made to the Social Security Institution during the reporting period.
	Number of Full-Time Employees in the R&D Department (#)	Refers to the number of full-time employees who are monitored through the Company's Human Resources data platform, whose work organization is the R&D department and who work 7.5 hours per day and 45 hours per week as defined by the Labor Law No. 4857 during the reporting period.

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Type	Indicator	Scope
Social	Number of Employees in STEM Positions (#)	Refers to the number of employees who hold a bachelor's degree in engineering and work in the R&D function, which the Company defines as STEM (Science, Technology, Engineering, Math) positions during the reporting period, who are monitored through the Company's Human Resources data platform.
	Share of Female Employees in STEM Positions (%)	Refers to the number of female employees who hold a bachelor's degree in engineering and work in the R&D function, which the Company defines as STEM (Science, Technology, Engineering, Math) positions during the reporting period, who are monitored through the Company's Human Resources data platform to the number of employees in STEM positions.
	Newly-Hired Employees by Gender and Age (#)	Refers to the number of employees hired by the Company and for whom an employment notification was made to the Social Security Institution during the reporting period, broken down by Management Level, including the number of employees aged 50 and above, between 30-50, and under.
	Employee Turnover Rate (%)	Refers to the ratio of the number of employees for whom a resignation notification was made to the Social Security Institution, broken down by Number of Employees in Management Positions, including the number of employees aged 50 and above, between 30-50, 30 and under, to the total number of employees during the reporting period.
	Turnover Rate for Employees Voluntarily Leaving Their Jobs (%)	Refers to the ratio of the number of employees for whom a resignation notification was made to the Social Security Institution, who are monitored through resignation documents and broken down by Management Level, including the number of employees aged 50 and above, between 30-50, and under to the total number of employees during the reporting period.
	Ratio of Vacant Positions Filled with In-house Candidates (%)	Refers to the ratio of the number of vacant positions filled with in-house candidates followed by job change/rotation and internal promotion announcements within the approval of the Company's senior management to the total number of vacant positions during the reporting period.
	Number of Employees Who Took Parental Leave (#)	Refers to the number of employees who took maternity and paternity leave during the reporting period within the periods specified in the Regulation on Part-Time Work After Maternity Leave or Unpaid Leave.
	Employees Returning from Parental Leave (#)	Refers to the number of employees who returned from maternity and paternity leave during the reporting period within the periods specified in the Regulation on Part-Time Work After Maternity Leave or Unpaid Leave.

Type	Indicator	Scope
Social	Performance Appraisal	Refers to number of employees included in 2 different performance appraisal systems implemented during the reporting period and monitored through performance appraisal forms of “Competency-Based Performance Appraisal” conducted with white-collar employees who have completed 6 months as of the start date of the year-end performance appraisal period and the “Target & Competency-Based Performance Appraisal” conducted with active white-collar employees as of the opening of the beginning of the year performance period.
	Contractor Employees by Gender (#)	Refers to the total number of employees working for the Company in ISS and EuroServe, the contractors of the Company, during the reporting period.
	Training Hours for Employees (hours)	Refers to the total number of training hours during the reporting period that are monitored through the Company’s Vestel Academy Training Portal, tracked and recorded with the Company-specific information of the employees, and covering all trainings offered within the Company, including OHS Trainings.
	Training Hours for Contractor Employees (hours)	Refers to the total number of hours of recorded training provided to ISS and Euroserve, the contractors that the Company works with, to the employees working for the Company during the reporting period, covering all trainings including OHS Trainings.
	OHS Training Hours for Contractor Employees (hours)	Refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours provided by the Company during the reporting period to the employees of ISS and Euroserve, the contractors that the Company works with, which are monitored through the Vestel Academy Training Portal, and the topics of which are identified according to the hazard class within the scope of the Law No. 6331 on Occupational Health and Safety.
	OHS Training Hours for Employees (hours)	Refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours provided during the reporting period, which are monitored and recorded through the Company’s Vestel Academy Training Portal, and which are tracked and recorded with the Company-specific information of the employees, and for which topics are identified according to the hazard class within the scope of the Law No. 6331 on Occupational Health and Safety.
	Number of Employees who Received Environmental Training (#)	Refers to the number of employees who received Environmental Training during the reporting period, which is monitored and recorded through the Company’s Vestel Academy Training Portal, and tracked and recorded with employees’ Company-specific information.
	OHS Performance Indicators	
	Number of Fatalities (#)	Refers to the number of individuals, including Company employees and employees of the contractor companies ISS and EuroServe, who were reported during the reporting period to the Social Security Institution and monitored for incidents that fall within the definition of “fatalities” under the Law No. 6331 on Occupational Health and Safety.
	Occupational Disease	Refers to the number of cases, including Company employees and employees of the contractor companies ISS and EuroServe, that were reported during the reporting period to the Social Security Institution and fall within the definition of “occupational disease” under the Law No. 6331 on Occupational Health and Safety.

APPENDICES

PREPARATION OF DATA

1. Environmental Indicators

Energy consumption (MWh)

The following conversion factors were used in the sub-headings that constitute energy consumption.

$\text{Kg-L} = \text{L} \times 1000/850$ (diesel)

$\text{L-KWh} = \text{KWh} \times 10.08$ (diesel)

$\text{KWh-m}^3 = \text{m}^3 \times 10.64$ (natural gas)

Scope 1 Emissions (tCO₂e)

Scope-1 emissions calculations include natural gas and diesel fuel amounts as well as diesel, gasoline and LPG used in Company vehicles, direct greenhouse gas emissions from stationary combustion generators and mobile combustion factory vehicles.

Formula:

$\text{Amount of Emission} = \text{Activity}$

$\text{Data} \times \text{Emission Factor} \times \text{Oxidation Factor}$

Activity Data = Consumption

Quantity * Net Calorific Value (TJ)

Oxidation Factor = 1

Scope-1 Mobile Combustion - Emission Factor (Source)

Category 1- Direct / Mobile Combustion / Company Vehicles / Diesel:

IPCC (2006), Vol 2, Chapter 3, Table 3.2.1 and Table 3.2.2

Category 1- Direct / Mobile Combustion / Company Vehicles / Gasoline:

IPCC (2006), Vol 2, Chapter 3, Table 3.2.1 and Table 3.2.2

Category 1- Direct / Mobile Combustion / Company Vehicles / LPG:

IPCC (2006), Vol 2, Chapter 3, Table 3.2.1 and Table 3.2.2

Scope-1 Fugitive Gases - Emission Factor (Source)

Calculations were made for R-410A, R-404A, R-134A, R-407C, HCFC-22 (R22) gases within the scope of Category 1- Fugitive Gases.

Direct / Direct Emissions / Volume Cooling / Chillers / R-410A: IPCC Sixth Assessment Report (AR6)

Scope 2 Emissions (tCO₂e)

Scope-2 emissions calculations include indirect greenhouse gas emissions from the Company's electricity and hot water consumption.

Formula:

$\text{Emission Amount} = \text{Activity Data} \times \text{Emission Factor} \times \text{Oxidation Factor}$

Activity Data = Consumption

Quantity * Net Calorific Value (TJ)

Oxidation Factor = 1

Scope-2- Emission Factor (Source)

Category 2- Indirect - Energy Supplied / Electricity Consumption / Electricity Purchased from the Grid:

UNFCCC International, TEİAŞ and IPCC 2016

Category 2- Indirect - Energy Supplied / Electricity Consumption / Hot Water

Purchased from the Grid:

Ecoinvent v3.2

Scope 3 Emissions (tCO₂e)

The Company's emissions in Category 1: Purchased Goods and Services, Category 6: Business Travel, Category 7: Employee Commuting and Category 11: Use of Sold Products are included in the calculation of Scope-3 emissions.

Formula:

$\text{Emission Amount} = \text{Activity Data} \times \text{Emission Factor} \times \text{Oxidation Factor}$

Activity Data = Consumption

Quantity * Net Calorific Value (TJ)

Oxidation Factor = 1

Scope-3- Emission Factor (Source)

Category 1: Purchased Goods and Services - Environmentally-Extended Input-Output (EIO) Version 1.0

Category 6: Business Travel - IPCC (Intergovernmental Panel on Climate Change)

Category 7: Employee Commuting - GHG Protocol, 2017

Category 11: Use of Sold Products - IPCC (2006), Vol 2, Chapter 2, Table 2.3

Total Hazardous Waste (tonnes)

Formula:

Total Hazardous Waste (tonnes) = Hazardous Waste Recovered for Energy Generation + Recovered Hazardous Waste + Hazardous Waste Sent to Landfill/Solid Waste Site

Total Non-Hazardous Waste (tonnes)

Formula:

Total Non-Hazardous Waste (tons) = Non-Hazardous Waste Recovered for Energy Generation + Recycled Non-Hazardous Waste + Non-Hazardous Waste Sent to Landfill

Total Waste (tonnes)

Formula:

Total Waste (tonnes) = Total Hazardous Waste + Total Non-Hazardous Waste

Recyclability Rate of Waste (%)

Formula:

Recyclability Rate of Waste (%) = Total Recycled Waste / Total Waste

2. Social Indicators

Ratio of Female Employees (%)

Formula:

Total number of female employees / Total number of employees

Share of Women in Management Positions in Revenue-Generating Functions (%)

Formula:

Number of Female Employees in Management Positions in Revenue-Generating Functions / Number of Employees in Management Positions in Revenue-Generating Functions

Share of Women in Management Positions (%)

Share of Women in Junior Management Positions:

Formula:

Number of Female Employees in Junior Management Positions / Number of Employees in Junior Management Positions

Share of Women in Middle Management Positions:

Formula:

Number of Female Employees in Middle Management Positions / Number of Employees in Middle Management Positions

Share of Women in Top Management Positions:

Formula:

Number of Female Employees in Top Management Positions / Number of Employees in Top Management Positions

Share of Female Employees in STEM Positions (%)

Formula:

Number of Female Employees in STEM Positions / Number of Employees in STEM Positions

Employee Turnover Rate (%)

Formula:

Number of Employees Leaving Their Jobs / Total Number of Employees

Turnover Rate for Employees Voluntarily Leaving Their Jobs (%)

Formula:

Number of Employees Voluntarily Leaving Their Jobs / Total Number of Employees

Ratio of Vacant Positions Filled with In-house Candidates (%)

Formula:

Number of Open Positions Filled with In-house Candidates / Total Number of Open Positions

Re-Statement of Opinion

Measuring and reporting validated data inevitably involves a certain degree of estimation. Where there is a change of more than 5% in the data at the partnership level, a re-statement of opinion may be considered.

APPENDICES




LIMITED ASSURANCE REPORT

To the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş.,

We have been appointed by Vestel Elektronik Sanayi ve Ticaret A.Ş. (“Vestel Elektronik” or the “Company”) to perform a independent limited assurance engagement on the Selected Sustainability Information (“Selected Information”) listed below in the Vestel Elektronik 2022 Integrated Annual Report (“2022 Integrated Annual Report”) prepared for the year ended December 31, 2022.

Selected Information

The scope of the indicators subject to our limited assurance engagement, which are marked with  on pages 117, 208, 212, 213, 214, 215 and 216. of the 2022 Integrated Annual Report, is as follows for the year ended December 31, 2022:

Social Indicators

- Employees by Gender (#)
- Employees by Category (#)
- Employees by Working Duration (#)
- Employees by Gender and Age (#)
- Number of Managerial Employees in Revenue-Generating Functions (#)
- Share of Women in Management Positions in Revenue-Generating Functions (%)
- Share of Women in Management Positions (%)
- Managers by Category (#)
- Share of Female Employees (%)
- Number of Employees with Disabilities (#)
- Managers by Gender and Age (#)
- Number of Full-Time Employees in the R&D Department (#)
- Number of Employees in STEM Positions (#)
- Share of Female Employees in STEM Positions (%)
- Newly-Hired Employees by Gender and Age (#)
- Employee Turnover Rate (%)
- Turnover Rate for Employees Voluntarily Leaving Their Jobs (%)
- Ratio of Vacant Positions Filled with In-house Candidates (%)
- Number of Employees Who Took Parental Leave (#)
- Employees Returning from Parental Leave (#)
- Performance Appraisal
- Contractor Employees by Gender (#)
- Training Hours for Employees (hours)
- Training Hours for Contractor Employees (hours)
- OHS Training Hours for Contractor Employees (hours)
- OHS Training Hours for Employees (hours)
- Number of Employees who Received Environmental Training (#)
- Number of Fatalities (#)
- Occupational Disease



Environmental Indicators

- Energy Consumption (MWh)
 - » Natural Gas (MWh)
 - » Diesel (MWh)
 - » Electricity (MWh)
 - » Steam (MWh)
 - » Hot Water (MWh)
 - » Renewable Energy (MWh)
- Scope 1 Emissions (tCO₂e)
- Scope 2 Emissions (tCO₂e)
- Total Greenhouse Gas Emissions (Scope 1 and 2) (tCO₂e)
- Scope 3 Emissions (tCO₂e)
- Water Withdrawal (m³)
 - » Tap Water (m³)
 - » Groundwater (m³)
 - » Rain Water (m³)
 - » Total Water Withdrawal (m³)
 - » Wastewater Discharged to Network (m³)
 - » Total Net Water Withdrawal (m³)
- Total Annual Air Emissions (tonnes)
 - » NO_x (tonnes)
 - » SO_x (tonnes)
 - » Volatile organic compounds (VOC) (tonnes)
 - » Dust (PM) (tonnes)
- Total Annual Water Emissions (tonnes)
 - » Chemical Oxygen Demand (COD) (tonnes)
 - » Total Suspended Solids (TSS) (tonnes)
- Total Hazardous Waste (tonnes)
 - » Hazardous Waste Recovered for Energy Generation (tonnes)
 - » Recovered Hazardous Waste (tonnes)
 - » Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes)
- Total Non-Hazardous Waste (tonnes)
 - » Non-hazardous Waste Recovered for Energy Generation (tonnes)
 - » Recycled Non-Hazardous Waste (tonnes)
 - » Hazardous Waste Sent to Landfill/Solid Waste Site (tonnes)
- Total Waste (tonnes)
 - » Total Recycled/Recovered Waste (tonnes)
 - » Total Waste Sent to Landfill (tonnes)
 - » Total Waste Recovered for Energy Generation (tonnes)
 - » Total Waste Disposed (tonnes)
 - » Recyclability Rate of Waste (%)

APPENDICES



Our independent assurance report has been prepared solely for the Selected Information marked with ✓ in the 2022 Integrated Annual Report. We have not performed any procedures on any other information disclosed in the previous periods other information not marked with ✓ in the 2022 Integrated Activity Report. Accordingly, we express no conclusions.

Criterion

In preparing the Selected Information, the principles set out in Appendix 1: Vestel Elektronik 2022 Integrated Annual Report - Reporting Guidelines ("Reporting Guidelines") on pages 217-227 of the 2022 Integrated Annual Report were used.

Responsibilities of the Company

The Company is responsible for the content of the 2022 Integrated Annual Report and for ensuring that the Selected Information is prepared in accordance with the Reporting Guideline. The Company is also responsible for designing, implementing and maintaining internal controls to ensure that the information used in the preparation of the Selected Information does not contain any material misstatements, whether due to fraud or error.

Limitations

Given the nature of the subject matter and the methods used to identify such information, non-financial information is subject to more inherent limitations than financial information. The lack of established practices by an organization may result in significantly different measurements and the selection of different, but acceptable, measurement techniques, which may affect comparability. The precision of different measurement techniques may also vary. In addition, the nature of the information in question and the methods used to determine it, as well as the measurement criteria and their precision, may vary over time. Therefore, it is important to read and analyze the Selected Information in accordance with the Reporting Guideline.

Conversion factors to MWh for the consumption of energy source fuels and calculations related to carbon emissions in particular, are dependent, among other things, on information and factors obtained internally and/or information and factors provided by independent third parties, as set out in the Reporting Guideline section. These different factors and information provided by third parties were not included in our study.

Independence and Quality Control

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants ("IESBA"), which sets out the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

We apply International Standard 1 on Quality Control and accordingly maintain a system of quality control that includes documented policies and processes that comply with relevant ethical and professional standards and legal or regulatory requirements.

Responsibilities of the Independent Auditor

Our responsibility is to express a conclusion on whether, based on the limited assurance engagement we have performed, anything has come to our attention that causes us to believe that the Selected Information has not been prepared, in all material respects, in accordance with the Reporting Guideline. We have performed our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 - "Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised) and International Standard on Assurance Engagements 3410 - "Standard on Assurance Engagements on Greenhouse Gas Statements" ("ISAE 3410") issued by the International Auditing and Assurance Standards Board.

The scope of the limited assurance we have performed in accordance with ISAE 3000 (Revised) and ISAE 3410 is significantly narrower than the scope of reasonable assurance. In a limited assurance engagement, the nature, timing and scope of procedures performed to gather sufficient and appropriate audit evidence are much narrower than in a reasonable assurance engagement.



Our procedures are based on our professional judgment and consist of investigations, observation of processes performed, review of documentation, analytical procedures, assessment of the appropriateness of measurement methods and reporting policies, and reconciliation of the underlying records.

The limited assurance procedures we have performed include the following:

- Interviews were held with the Company management and the persons responsible for the relevant Selected Information;
- The process for gathering and reporting Selected Information was understood. This procedure includes an assessment of the processes and controls that are important for managing and reporting Selected Information;
- The source data used for the preparation of Selected Information was evaluated and certain selected examples of calculations were redone;
- Limited tests were performed on a sample basis for the compilation and preparation of the Selected Information prepared by the Company;
- Analytical procedures were performed on the Reported Selected Information.

Limited Assurance Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended December 31, 2022 included in the Company's 2022 Integrated Annual Report has not been prepared, in all material respects, in accordance with the Reporting Guideline.

Usage Restriction

This report, including its conclusion, has been prepared for the Company's Board of Directors to assist in reporting on the Company's sustainability performance and activities. To enable the Company's Board of Directors to demonstrate that it has fulfilled its responsibilities in relation to the Selected Information by commissioning a limited independent assurance report, we consent to its inclusion in the Integrated Annual Report 2022 for the year ended December 31, 2022. Except to the extent permitted by law and to the extent the terms and conditions are expressly agreed upon with our prior written consent, we do not accept any liability to any person or organization other than Vestel Elektronik Sanayi ve Ticaret A.Ş. and Vestel Elektronik Sanayi ve Ticaret A.Ş. in relation to our work or report.

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

Mehmet Karakurt, CPA
Engagement Partner

Istanbul 13 March 2023

APPENDICES

APPENDIX 7: UN GLOBAL COMPACT (UNGC) PROGRESS TABLE

Area	Principles	Relevant Department
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Gender Equality, Human Rights and Inclusion, Ethical Principles
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses	
Labor Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Vestel does not have any personnel employed under any Collective Bargaining Agreement and trade unions. All employee rights and benefits are protected and enshrined under the Labor Law No. 4857. There are a total of 277 employee representatives elected from each department. Employees are informed by their managers about the decisions that may affect them.
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor	Gender Equality, Human Rights and Inclusion Ethical Principles
	Principle 5: Businesses should uphold the effective abolition of child labor	Supply Chain
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Gender Equality, Human Rights and Inclusion
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	A Net Zero Company Appendix 4: Integrated Management Systems and Environmental Management Environmental Performance Indicators
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	A Net Zero Company Appendix 2: Stakeholder Relations Appendix 4: Integrated Management Systems and Environmental Management
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	A Net Zero Company Products and Solutions Creating Benefits
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Ethical Principles

APPENDIX 8: STATEMENT OF COMPLIANCE WITH CMB SUSTAINABILITY PRINCIPLES

Vestel places sustainability at the center of its activities with the vision of becoming a technology company that creates social and environmental benefits with its accessible and smart products that make life easier. The Company closely monitors best practices in the field of sustainability and carries out its activities with the aim of complying with generally accepted best practices in this field.

Many of Vestel's sustainability activities are in line with the principles set out in the "Sustainability Principles Compliance Framework" put into effect by the CMB in 2020. Within this framework, Vestel complied with most of the principles set out in the non-mandatory "Sustainability Principles Compliance Framework" prepared by the CMB with a "comply or explain" approach. Some of these principles have not yet been fully complied with due to challenges in implementation, uncertainties in the national and international arena, the fact that some principles do not fully align with the current structure of the Company, and the fact that compliance principles will be determined according to the findings of ongoing studies. Vestel aims to review the sustainability targets and key performance indicators for the principles that require improvement on a regular basis every year.

Practices regarding the principles within the scope of the Compliance with CMB Sustainability Principles Framework are presented in the "Strategic Approach", "A Net Zero Company", "Products and Solutions Creating Benefits" and "Technology and Human-Oriented Transformation" sections of the Vestel Elektronik Integrated Annual Report. Explanations on the principles to be improved within the scope of the information shared are as follows:

Regarding principle B.4, there are sustainability criteria included in the existing performance system. However, a study is currently underway to increase and diversify these criteria.

Regarding principle B.14, the Company continues to work on establishing and publicly disclosing programs or procedures to prevent or minimize the potential negative impact of products and/or services on the environment. Vestel is upgrading its existing installed energy monitoring systems. In addition, within the scope of the goal of achieving net zero in the entire value chain by 2050, a supplier evaluation system has been put into operation and more suppliers are planned to be evaluated in this system in the coming period.

Regarding Principle B.21, in terms of water consumption and the amount of water withdrawn, recycled and discharged from underground or above ground sources, if any, Vestel continues its projects and studies for improvement. It has set targets for water management and the use of recycled water, and continues improvement efforts with project teams and working groups to achieve these targets.

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
A. General Principles						
A1. Strategies, Policies and Goals						
A1.1	The Board of Directors identifies material issues, risks and opportunities for ESG and establishes appropriate ESG policies.	x			Risks and opportunities related to ESG are presented in the Global Trends, Risks and Opportunities section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Global Trends, Risks and Opportunities: Page 42
	The Board of Directors issues ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy) and discloses them.	x			ESG policies are explained in the Employees and Quality and Product Safety sections. Management Systems Policy can be found here and Zorlu Holding Human Rights Policy can be found here .	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 104 Quality and Product Safety: Page 148

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
A1.2 Short and long term targets set within the scope of ESG policies are disclosed.	x				The targets set within the scope of ESG policies are discussed in general in the Strategic Approach section of the Integrated Annual Report and detailed in the Targets and Results table.	Related Section(s) of Vestel Elektronik Integrated Annual Report Strategic Approach: Page 32 Targets and Results: Page 36
A2. Implementation/Monitoring						
A2.1 Committees and/or units responsible for the execution of ESG policies and the highest level responsible persons in the company related to ESG issues and their duties are identified and disclosed.	x				The governance structure designed for activities within the scope of sustainability is discussed in detail in the Sustainability Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 38
The activities carried out by the responsible committee and/or unit within the scope of the policies are reported to the board of directors at least once a year.	x				Detailed in the Sustainability Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 38

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
A2.2 Implementation and action plans are created in line with ESG objectives and disclosed.	x				Strategy areas and action plans are presented in the Strategic Approach section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Strategic Approach: Page 32
A2.3 ESG Key Performance Indicators (KPIs) and the level of achievement in relation to these indicators on an annual basis are disclosed.	x				Detailed information is provided in Appendix 6.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 6: Performance Indicators: Page 212
A2.4 Activities to improve the sustainability performance of business processes or products and services are disclosed.	x				Explanations on these processes, products and services are provided in the Production and Innovation Power, A Net Zero Company, Accessible and Smart Products That Make Life Easier sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Production and Innovation Power: Page 81 A Net Zero Company: Page 126 Accessible and Smart Products That Make Life Easier: Page 136

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
A3. Reporting						
A3.1	Information on the Company's sustainability performance, targets and actions is provided in the annual reports in an understandable, accurate and sufficient manner.	x			The approach, performance, targets and actions on material topics are transparently shared with stakeholders in Vestel Elektronik Integrated Annual Report.	Related Section(s) of Vestel Elektronik Integrated Annual Report Targets and Results: Page 36
A3.2	The Company publicly shares information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	x			The report states to which targets the projects launched contribute under each Sustainable Development Goal.	Related Section(s) of Vestel Elektronik Integrated Annual Report Strategic Approach: Page 32
A3.3	Lawsuits filed against and/ or finalized on ESG issues, which are important in terms of ESG policies and/or which may significantly affect operations, are disclosed.	x			Explained in the Ethical Principles section of the Report.	Related Section(s) of Vestel Elektronik Integrated Annual Report Ethical Principles: Page 40
A4. Verification						
A4.1	ESG Key Performance Measures of the Company are verified by an independent third party and disclosed.	x			Environmental performance indicators, social performance indicators, carbon and water footprint are verified by independent third parties.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 6: Performance Indicators: Page 212

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B. Environmental Principles						
B1	The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs of the Company in the field of environmental management are disclosed.	x			Explained in Appendix 4: Integrated Management Systems and Environmental Management.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 4: Integrated Management Systems and Environmental Management: Page 206
B2	Restrictions on the scope of the report, reporting period, reporting date and reporting conditions regarding the environmental reports prepared to provide information on environmental management are disclosed.	x			Necessary explanations are provided in Appendix 1, Appendix 4 and Appendix 6.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 1: About the Report: Page 202 Appendix 4: Integrated Management Systems and Environmental Management: Page 206 Appendix 6: Performance Indicators: Page 212
B3	Details are provided in A2.1.	x				Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 38

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B4 Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as board members, managers and employees) are disclosed.			x		Although there are sustainability criteria included in the performance system, efforts are underway to increase and diversify these criteria.	Related Section(s) of Vestel Elektronik Integrated Annual Report The Journey to Net Zero: Page 127
B5 The means of integration of identified environmental issues into business objectives and strategies are disclosed.	x				Detailed in the A Net Zero Company section.	Related Section(s) of Vestel Elektronik Integrated Annual Report A Net Zero Company: Page 126
B6 Details are provided in A2.4.	x					Related Section(s) of Vestel Elektronik Integrated Annual Report Production and Innovation Power: Page 81 A Net Zero Company: Page 126 Accessible and Smart Products That Make Life Easier: Page 136

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B7 The management of environmental issues, including suppliers and customers across the value chain throughout the operational process, and their means of integration into business objectives and strategies are disclosed.	x				Presented in the Supply Chain section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Supply Chain: Page 122
B8 Whether relevant organizations and civil society organizations were involved in policy-making processes on environmental issues, and collaborations with these institutions are disclosed.	x				Explained in A Net Zero Company, Appendix 2 and Appendix 3.	Related Section(s) of Vestel Elektronik Integrated Annual Report A Net Zero Company: Page 126 Appendix 2: Stakeholder Relations: Page 203 Appendix 3: Association Memberships and Supported Initiatives: Page 205
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), the Company discloses to the public information on its environmental impacts in a comparable manner.	x				Reported in the Appendix 4: Integrated Management Systems and Environmental Management and Environmental Performance Indicators sections	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 4: Integrated Management Systems and Environmental Management: Page 206 Environmental Performance Indicators: Page 215

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B10 Details of the standard, protocol, methodology and base year used to collect and calculate the data are disclosed.	x				Detailed in the Appendix 4: Integrated Management Systems and Environmental Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 4: Integrated Management Systems and Environmental Management: Page 206
B11 The increase or decrease in environmental indicators for the reporting year in comparison with previous years is disclosed.	x				Reported in the Environmental Performance Indicators section. Increases and decreases are detailed in the Targets and Results section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Environmental Performance Indicators: Page 215 Targets and Results: Page 36
B12 Short and long-term targets are set to reduce environmental impacts, and these targets and progress against the targets set in previous years are disclosed.	x				Reported in the Environmental Performance Indicators section. Progress is detailed in the Targets and Results section.	Related Section(s) of Vestel Elektronik Integrated Annual Report The Journey to Net Zero: Page 127 Environmental Performance Indicators: Page 215 Targets and Results: Page 36

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B13 A strategy was developed to tackle the climate crisis and planned actions were disclosed.	x				The strategy to tackle the climate crisis is detailed in the The Journey to Net Zero section.	Related Section(s) of Vestel Elektronik Integrated Annual Report The Journey to Net Zero: Page 127
B14 Programs or procedures are established and disclosed in order to prevent or minimize the potential negative impact of products and/or services on the environment.	x				All details regarding the Company's environmentally friendly products and practices are discussed in the Products and Solutions Creating Benefits section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Products and Solutions Creating Benefits: Page 137
B14 Actions are taken to reduce the greenhouse gas emissions of third parties (e.g. suppliers, contractors, dealers, etc.) and these actions are disclosed.	x				The Vestel Supplier Monitoring and Development Program was launched to enable suppliers to effectively participate in sustainability processes, understand and improve their current levels.	Related Section(s) of Vestel Elektronik Integrated Annual Report Supply Chain: Page 122
B15 Environmental benefits/ gains and cost savings from initiatives and projects to reduce environmental impacts are disclosed.	x				Detailed in the A Net Zero Company section.	Related Section(s) of Vestel Elektronik Integrated Annual Report A Net Zero Company: Page 126

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B16 Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are disclosed as Scope-1 and Scope-2.	x				Scope-1 and Scope-2 emissions for the last 3 years are reported in the Environmental Performance Indicators section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Environmental Performance Indicators: Page 215
B17 Disclosures are made to the public on electricity, heat, steam and cooling generated in the reporting year.	x				Explained in the A Net Zero Company and Environmental Performance Indicators sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report A Net Zero Company: Page 126 Environmental Performance Indicators: Page 215
B18 Efforts are made to increase the use of renewable energy and transition to zero or low-carbon electricity and disclosed.	x				Explained in The Journey to Net Zero section.	Related Section(s) of Vestel Elektronik Integrated Annual Report The Journey to Net Zero: Page 127

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B19 Renewable energy production and utilization data are disclosed.	x				Renewable energy generation and utilization data are reported in the Journey to Net Zero and Environmental Performance Indicators sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report The Journey to Net Zero: Page 127 Environmental Performance Indicators: Page 215
B20 Energy efficiency projects are carried out and the amount of energy consumption and emission reductions achieved through energy efficiency projects are disclosed.	x				Detailed information is provided in the Energy Efficiency section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Energy Efficiency: Page 129
B21 Water consumption, the amount of water withdrawn from underground or above ground, if any, recycled and discharged, sources and procedures are disclosed.	x				Found under the Environmental Performance Indicators section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Environmental Performance Indicators: Page 215
B22 Whether any operations or activities are included in any carbon pricing systems (Emissions Trading System, Cap & Trade or Carbon Tax) is disclosed.				x	Vestel is not included in the carbon pricing system.	
B23 Information on the carbon credit accumulated or purchased during the reporting period is disclosed.				x	There is no carbon credit purchased.	

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
B24				x	Carbon pricing does not apply.	
B25	x				Explained in the A Net Zero Company and Appendix 4: Integrated Management Systems and Environmental Management sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report A Net Zero Company: Page 126 Appendix 4: Integrated Management Systems and Environmental Management: Page 206
C. Social Principles						
C1. Human Rights and Employee Rights						
C1.1	x				Gender Equality is explained in the Human Rights and Inclusion section. Zorlu Holding Human Rights Policy, Zorlu Holding Ethical Principles and Eşit Bi'Hayat (An Equal Life) Gender Equality Manifesto can be accessed from the links below. Zorlu Holding Human Rights Policy Ethical Principles Eşit Bi' Hayat (An Equal Life) Gender Equality Manifesto	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 105

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
C1.2 Considering supply and value chain impacts, fair labor, improvement of labor standards, women's employment and inclusion issues (such as non-discrimination based on gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc.) are included in the employee rights policy.	x				Explained in detail in the Gender Equality, Human Rights and Inclusion section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 105
C1.3 Measures taken along the value chain to protect the rights of groups (low-income groups, women, etc.) that are sensitive to certain economic, environmental and social factors as well as the protection of minority rights/equal opportunities are disclosed.	x				Explained in the Gender Equality, Human Rights and Inclusion and Supply Chain sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 105 Supply Chain: Page 122
C1.4 Developments regarding the preventive and corrective practices of discrimination, inequality, human rights violations and forced labor and child labor are disclosed.	x				Detailed in the Gender Equality, Human Rights and Inclusion and Supply Chain sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Gender Equality, Human Rights and Inclusion: Page 105 Supply Chain: Page 122

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
C1.5	Investments made in employees (training, development policies), compensation, fringe benefits, right to unionize, solution for work/life balance, and talent management issues are included in the Company's policy regarding employee rights.	x			Reported in the Employees section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 104
	Mechanisms are established for resolving employee complaints and disputes and dispute resolution processes are identified.	x			Reported in the Employees section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 104
	Activities carried out during the reporting period to ensure employee satisfaction are disclosed to the public.	x			Reported in the Employees section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Employees: Page 104

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
C1.6	x				Detailed in Occupational Health and Safety section. The relevant data is reported in the Social Performance Indicators section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Occupational Health and Safety: Page 116 Social Performance Indicators: Page 212
	x				Measures taken to prevent occupational accidents and protect health are reported in the Occupational Health and Safety section and accident statistics are reported in the Social Performance Indicators section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Occupational Health and Safety: Page 116 Social Performance Indicators: Page 212
	x				Explained in the Data Security and Cyber Risks section. Links to the Privacy Policy and Disclosure Text are provided below. Privacy Policy Disclosure Text	Related Section(s) of Vestel Elektronik Integrated Annual Report Data Security and Cyber Risks: Page 102

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
C1.8 Ethics policy has been established and disclosed to the public.	x				Vestel adopts a way of doing business based on Zorlu Holding Ethical Principles. Zorlu Holding Ethical Principles are available here .	Related Section(s) of Vestel Elektronik Integrated Annual Report Ethical Principles: Page 40
C1.9						
C1.10 Information meetings and training programs are organized for employees on ESG policies and practices.	x				Information and trainings on ESG are reported in Sustainability Management, Ethical Principles, Employees and Appendix 4: Integrated Management Systems and Environmental Management.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 38 Ethical Principles: Page 40 Employees: Page 104 Appendix 4: Integrated Management Systems and Environmental Management: Page 206
C2. Stakeholders, International Standards and Initiatives						
C2.1 A customer satisfaction policy on the management and resolution of customer complaints is prepared and disclosed.	x				The Customer Satisfaction Policy is detailed under the heading Customer Experience and can be accessed here .	Related Section(s) of Vestel Elektronik Integrated Annual Report Customer Experience: Page 150

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
C2.2 Information on communication with stakeholders (stakeholder, topic and frequency) is disclosed.	x				Stakeholder Relations are detailed in Appendix 2.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 2: Stakeholder Relations: Page 203
C2.3 International reporting standards adopted in reporting are explained.	x				The international reporting standards adopted are provided in Appendix 1: About the Report and The Journey to Net Zero sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 1: About the Report: Page 202 The Journey to Net Zero: Page 127
C2.4 Principles adopted in relation to sustainability, international organizations, committees and principles of which the Company is a signatory or member are disclosed to the public.	x				Association Memberships and Supported Initiatives are provided in Appendix 3.	Related Section(s) of Vestel Elektronik Integrated Annual Report Appendix 3: Association Memberships and Supported Initiatives: Page 205

PRINCIPLE	STATUS OF COMPLIANCE				DESCRIPTION	REPORT INFORMATION/ LINK
	YES	NO	PARTIALLY	IRRELEVANT		
C2.5 Efforts are undertaken and work is carried out to be included in the sustainability indices of Borsa Istanbul and/or international index providers.	x				Efforts undertaken for inclusion in sustainability indices is explained in detail in the Sustainability Management section.	Related Section(s) of Vestel Elektronik Integrated Annual Report Sustainability Management: Page 38
D. Corporate Governance Principles						
D1 Stakeholders' opinions are sought in determining the measures and strategies in the field of sustainability.	x				The materiality assessment is based on the views of 2,372 stakeholders.	Related Section(s) of Vestel Elektronik Integrated Annual Report Materiality Assessment: Page 34 Appendix 2: Stakeholder Relations: Page 203
D2 Social responsibility projects, awareness-raising events and trainings are carried out to raise awareness on sustainability and its importance.	x				Explained in the Ethical Principles, Employees and Corporate Citizenship sections.	Related Section(s) of Vestel Elektronik Integrated Annual Report Ethical Principles: Page 40 Employees: Page 104 Community Support: Page 118

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL REPORT

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS NO. II-14.1

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF THE ANNUAL REPORT

RESOLUTION DATE: 13.03.2023

RESOLUTION NUMBER: 2023/9

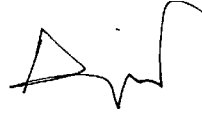
We hereby declare that the annual report for the year 2022 prepared by our Company in accordance with the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" No. II-14.1 ("Communiqué") and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

- Has been reviewed by us in line with the Capital Markets Board regulations,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the annual report does not contain any incorrect statement or any omission of material facts which may result in a misleading conclusion as of the date of issuance,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the annual report prepared in accordance with the applicable financial reporting standards presents fairly the progress and the performance of the business and the financial position of the Company and of those included in the scope of consolidation along with the material risks and uncertainties the Company is exposed to.

Sincerely,



Chairman of the Audit Committee
Elmas Melih Araz



Member of the Audit Committee
Bekir Ağır



Financial Affairs Coordinator
Alp Dayı

INDEPENDENT AUDITOR’S REPORT ON THE 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 Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the annual report of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi (the “Company”) and its subsidiaries (together will be referred as “the Group”) for the period between 1 January 2022 and 31 December 2022, 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 the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”). Our responsibilities under those standards 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 responsibilities in accordance with the POA’s Code of Ethics and regulations. 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 2022 and 31 December 2022 on 10 March 2023.

INDEPENDENT AUDITOR’S REPORT ON THE ANNUAL REPORT

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 indicate 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 the standards on auditing issued by the Capital Markets Board of Turkey and 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

ORIGINALLY SIGNED IN TURKISH

İsmail Önder Ünal, SMMM
Partner

13 March 2023
İzmir, Türkiye

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS NO. II-14.1

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS

RESOLUTION DATE: 10.03.2023

RESOLUTION NUMBER: 2023/8

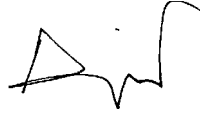
We hereby declare that the consolidated financial statements for the fiscal year 2022 prepared by our Company in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards pursuant to the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" No. II-14.1 ("Communiqué") and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

- Have been reviewed by us in line with the Capital Markets Board regulations,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the consolidated financial statements do not contain any incorrect statement or any omission of material facts which may result in a misleading conclusion as of the date of issuance,
- Based on the information we possess within the scope of our duties and responsibilities in the Company, the consolidated financial statements prepared in accordance with the applicable financial reporting standards present fairly the assets, liabilities, financial position and the results of operations of the Company together with the companies included in the scope of consolidation.

Sincerely,



Chairman of the Audit Committee
Elmas Melih Araz



Member of the Audit Committee
Bekir Ağır



Financial Affairs Coordinator
Alp Dayı

VESTEL



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DEPARTURES

PRISTO	VENEDIGIA	10:00	AD	CANCELLED	
PRISTO	TAGAZIN	10:15	CD	GO TO GATE	
PRISTO	CHORRILLOS	10:30	CD	GO TO GATE	
PRISTO	PRISTO	10:45	CD	GO TO GATE	
PRISTO	MONTERREY	10:55	CD	CANCELLED	
PRISTO	BUENOS AIRES	11:00	CD	GO TO GATE	
PRISTO	DELTA	11:05	CD	GO TO GATE	
PRISTO	SANTA CRUZ	11:10	AD	GO TO GATE	
PRISTO	MEXICO	11:15	AD	GO TO GATE	
PRISTO	ST. PETERSBURG	11:20	AD	GO TO GATE	
PRISTO	LIMA	11:25	AD	GO TO GATE	
PRISTO	ELIZABETH	11:30	AD	GO TO GATE	

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2022 TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

(Originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vestel Elektronik 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 2022, 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 2022, 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 issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards 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 requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. 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.

Recoverability of Trade Receivables from Third Parties

Refer to Note 2 and Note 9 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for recoverability of trade receivables from third parties.

The key audit matter	How the matter was addressed in our audit
<p>Trade receivables from third parties, amounting to TL 10.933.121 thousands as of 31 December 2022, constitute a significant portion of the consolidated financial statements of the Group.</p> <p>The assessment of the recoverability of these receivables made by the Group management includes considerations of the amount of guarantees/collateral received from the customers, past collection performance, analysis of aging of receivables and litigations or disputes regarding receivables.</p> <p>As a result of all these assessments, determination of impairment on trade receivables from third parties include significant management judgement and estimations. Therefore, we have determined recoverability of trade receivables from third parties to be a key audit matter.</p>	<p>Audit procedures that are applied in this matter involves below;</p> <ul style="list-style-type: none"> • Evaluating and understanding of collection of receivables process including Group's credit risk management, credit risk management policy and internal controls applied to the collection of receivables, • Testing of trade receivable balances from third parties by sending confirmation letters on a sample basis, • Testing the selected invoices for the aging analysis of receivables from third parties on a sample basis, • Investigating whether there is any dispute or litigation related to the collection of trade receivables from third parties and obtaining formal assessment of legal counsels on outstanding litigations and disputes. • Testing of collections subsequent to the reporting period on a sampling basis, • Testing the expected credit loss model for trade receivables based on the guarantees obtained from customers, their past payment performance and credibility information and aging analysis of these trade receivables and taking into account the Group's expectations for the future, <p>Assessment of the appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements related to recoverability of trade receivables from third parties in accordance with TFRS.</p>

Fair Value Measurement of Tangible Assets

Refer to Note 2 and Note 14 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of investments accounted for using the equity method.

The key audit matter	How the matter was addressed in our audit
<p>The Group has applied the accounting policy to measure its land, buildings and land improvements at fair value in its consolidated financial statements in accordance with TAS 16, "Property, Plant and Equipment". As a result of the revaluation in 2022, the Group recognized TL 2.681.393 thousand fair value increase on tangible assets.</p> <p>Fair values of the Group's revaluated tangible assets are determined by professional independent valuation expert authorized by the CMB.</p> <p>Fair value measurement of tangible assets is determined as a key audit matter, since the amount of fair value increase recognized in the consolidated financial statements as of 31 December 2022 is material to the consolidated financial statements of the Group and the inputs and calculations used in valuation methods are complex and includes significant estimates and judgements.</p>	<p>Audit procedures that are applied in this matter involves below;</p> <ul style="list-style-type: none"> • The evaluation of the competence, capabilities and objectivity of the independent professional valuation experts who have performed the valuation, • Evaluating the valuation methods and inputs used for fair value measurement of tangible assets with the participation of our valuation experts, • Evaluating the appropriateness of key estimates and inputs used in valuation methods, including comparison of current precedent values in the market and preceding values with the participation of our valuation experts, • Assessment of the appropriateness and adequacy of the consolidated financial statement disclosures, including the explanations of the key estimates and assumptions regarding the fair value measurement of tangible assets, in accordance with TFRS.

INDEPENDENT AUDITOR'S REPORT

Impairment of Equity- Accounted Investees

Refer to Note 2 and Note 13 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of investments accounted for using the equity method.

The key audit matter	How the matter was addressed in our audit
<p>As of 31 December 2022, the carrying value of Group's equity accounted investee, Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("Meta"), amounted to TL 817.503 thousands.</p> <p>In accordance with Turkish Accounting Standard 36 ("TAS 36"), Impairment of Assets, the Group shall assess at the end of each reporting period whether there is any indicator that assets may be impaired and perform impairment test accordingly.</p> <p>Impairment test is carried out by evaluating cash flow projections prepared according to business models based on significant management estimates and assumptions for future periods.</p> <p>The impairment testing of Meta is considered to be a key audit matter since the carrying value of Meta is material in the assets of the Group and due to the significant management estimates and assumptions sensitive to market and operational conditions such as discount rate, metal prices, mineral resource amount, facility capacity and efficiency in cash flows used in the projection.</p>	<p>Audit procedures that are applied in this matter involves below;</p> <ul style="list-style-type: none">• The evaluation and assessment of the approval mechanisms for the impairment test and controls developed by the Group,• Evaluation of the appropriateness of the approach used in cash flow projections in accordance with TAS 36 "Impairment of Assets" standard,• Evaluation of the significant estimates and assumptions used in projections taking into account of below issues by considering inquiries with Group management, analysis, future plans and explanations of Group management in light of macroeconomic data with the involvement of internal experts,• Evaluating the significant estimates and assumptions such as valuation technique used by the Group management, the mathematical accuracy of the discounted cash flow model and the discount rate used in the cash flows together with our corporate finance specialist and checking the calculation of this discount rate,• Comparing the Group management's estimates about future nickel prices with those of the forecasts in analysis reports published by independent institutions and similar products,• Comparison of the amount of economically feasible mineral resources at the facility with the amount determined in the resource report issued by the independent expert appointed by the Group management, evaluation of the estimates used in the model such as facility production capacity and efficiency and production costs with the involvement of external experts by taking into account the investment budgets of the Group management,• Evaluation of tax advantages originating from investment incentive documents related with the completed investments to the applicable tax regulations by involving tax specialists, <p>Assessment of the appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements related to impairment of equity accounted investees in accordance with TFRS.</p>

Revenue recognition

Refer to Note 2.5.1 and Note 24 to the 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>The Group's revenue is primarily generated from sales of produced white goods, and brown goods.</p> <p>Revenue is recognized when the Group fulfils its performance obligation by transferring the control of the produced products to its customers.</p> <p>Due to complexity of transfer terms in the sales agreements, recognition of revenue in the correct reporting period is related to the evaluation of each sales term properly. Therefore, there is a risk that the revenue is not recognized in the correct accounting period due to risk arising from goods produced and invoiced to the customers, but the control over the goods is not transferred.</p> <p>Revenue recognition has been identified as a key audit matter since recognition of revenue in the correct accounting period requires significant management judgment due to nature and size of the Group's operations.</p>	<p>Audit procedures that are applied in this matter involves below;</p> <ul style="list-style-type: none">• Testing the effectiveness of the design, implementation and operating effectiveness of application controls and general IT controls over revenue process with the assistance of IT specialists,• Evaluating the compliance of accounting policies of revenue recognized in the current period with TFRS 15 and appropriateness of the disclosures related to revenue recognized by analyzing the current customer contracts,• Evaluation of the journal entries made by the Group related to revenue in the reporting period.• Checking the existence and accuracy of trade receivables by confirmation letters obtained directly for selected customers via sampling method.• Evaluating whether the control of the invoiced products is transferred to the customers through obtaining sales documents selected via sampling method and testing whether the revenue is recognized in the correct reporting period, <p>Evaluation of the Group's disclosure regarding the revenue in the consolidated financial statements in accordance with the TFRS 15.</p>

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 the CMB and 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 the standards on auditing issued by the CMB and 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.

INDEPENDENT AUDITOR'S REPORT

- 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 10 March 2023.
- 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 2022 and 31 December 2022, 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 except for the annual report in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

ORIGINALLY SIGNED IN TURKISH

İsmail Önder Ünal, SMMM
Partner

10 March 2023
İzmir, Türkiye

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

AS OF 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1.552.411	2.089.143
Financial Assets		40.153	1.710
Trade Receivables		10.973.910	6.674.282
Trade Receivables Due from Related Parties	8	40.856	14.133
Trade Receivables Due from Third Parties	9	10.933.054	6.660.149
Other Receivables		2.520.423	1.461.021
Other Receivables Due from Related Parties	8	1.352.246	848.275
Other Receivables Due from Third Parties	10	1.168.177	612.746
Derivative Financial Instruments		107.224	288.768
Derivative Financial Instruments Held for Trading	32	97.790	14.151
Derivative Financial Instruments Held for Hedging	32	9.434	274.617
Inventories	11	12.753.074	9.528.703
Prepaid Expenses		798.224	611.717
Prepayments to Related Parties	8	198.203	-
Prepayments to Third Parties	12	600.021	611.717
Current Tax Assets	30	34.222	7.987
Other Current Assets		157.298	215.323
Other Current Assets Due from Third Parties	22	157.298	215.323
TOTAL CURRENT ASSETS		28.936.939	20.878.654

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
NON-CURRENT ASSETS			
Financial Investments	6	126.884	73.085
Investments in subsidiaries, joint ventures and associates	13	1.970.620	1.406.812
Trade Receivables		67	467
Trade Receivables Due from Third Parties	9	67	467
Other Receivables		16.451.742	10.843.955
Other Receivables Due from Related Parties	8	16.418.157	10.717.782
Other Receivables Due from Third Parties	10	33.585	126.173
Property, Plant and Equipment		12.530.713	7.426.990
Land	14	3.194.525	1.724.691
Land Improvement	14	259.345	210.892
Building	14	4.894.959	3.498.282
Machinery and Equipment	14	2.386.387	1.828.934
Vehicle	14	2.591	6.937
Fixtures and Fittings	14	280.937	71.012
Leasehold Improvement	14	56.661	4.110
Construction in Progress	14	1.455.308	82.132
Right of Use Assets	15	464.990	179.618
Intangible Assets and Goodwill		1.570.349	1.107.011
Goodwill	17	196.568	196.568
Other Rights	16	21.748	24.901
Capitalized Development Costs	16	1.191.783	789.738
Other Intangible Assets	16	160.250	95.804
Prepaid Expenses		388.793	371.314
Prepayments to Third Parties	12	388.793	371.314
Deferred Tax Asset	30	431.877	795.193
Other Non-current Assets		-	9.590
TOTAL NON-CURRENT ASSETS		33.936.035	22.214.035
TOTAL ASSETS		62.872.974	43.092.689

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

AS OF 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
CURRENT LIABILITIES			
Short Term Borrowings	7	18.947.562	5.057.567
Short Term Borrowings from Related Parties		10.676	11.423
Lease Liabilities	7,8	10.676	11.423
Short Term Borrowings from Third Parties		18.936.886	5.046.144
Bank Loans	7	17.668.289	4.344.893
Lease Liabilities	7	129.393	63.434
Issued Debt Instruments	7	1.139.204	637.817
Current Portion of Long Term Borrowings		1.396.941	6.014.337
Current Portion of Long Term Borrowings from Third Parties		1.396.941	6.014.337
Bank Loans	7	1.396.941	6.014.337
Trade Payables		21.581.477	16.026.589
Trade Payables to Related Parties	8	44.064	66.009
Trade Payables to Third Parties	9	21.537.413	15.960.580
Payables Related to Employee Benefits	21	453.969	279.503
Other Payables		2.791	10.752
Other Payables to Third Parties	10	2.791	10.752
Derivative Financial Liabilities	32	595.569	531.887
Derivative Financial Liabilities Held for Trading		216.967	490.901
Derivative Financial Liabilities Held for Hedging		378.602	40.986
Deferred Revenue		1.252.820	413.993
Deferred Revenue from Third Parties	10	1.252.820	413.993
Current Tax Liabilities	30	-	-
Current Provisions		1.560.005	1.240.635
Other Current Provisions	19	1.560.005	1.240.635
Other Current Liabilities		1.217.997	1.034.834
Other Current Liabilities to Third Parties	22	1.217.997	1.034.834
TOTAL CURRENT LIABILITIES		47.009.131	30.610.097

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
NON-CURRENT LIABILITIES			
Long Term Borrowings		1.091.203	1.045.222
Long Term Borrowings from Related Parties		-	10.676
Lease Liabilities	7,8	-	10.676
Long Term Borrowings from Third Parties		1.091.203	1.034.546
Bank Loans	7	693.877	628.475
Lease Liabilities	7	397.326	141.071
Issued Debt Instruments	7	-	265.000
Trade Payables		182.877	181.003
Trade Payables to Third Parties	9	182.877	181.003
Non-current Provisions		1.391.686	480.671
Non-current Provisions for Employee Benefits	21	1.240.006	387.222
Other Non-current Provisions	19	151.680	93.449
Deferred Tax Liabilities	30	-	461.600
Other Non-current Liabilities		3.879	2.435
Other Non-current Liabilities to Third Parties		3.879	2.435
TOTAL NON-CURRENT LIABILITIES		2.669.645	2.170.931
TOTAL LIABILITIES		49.678.776	32.781.028

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

AS OF 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
EQUITY			
Equity Attributable to Owners of Parent		11.969.144	9.441.862
Issued Capital	23	335.456	335.456
Adjustments on Capital		688.315	688.315
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss		4.925.563	3.825.581
Gains (Losses) on Revaluation and Remeasurement		4.925.563	3.825.581
Increases (Decreases) on Revaluation of Property, Plant and Equipment	29	5.646.358	3.985.651
Gains (Losses) on Remeasurement of Defined Benefit Plans	29	(720.795)	(160.070)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss		1.554.516	1.299.238
Exchange Differences on Translation		1.633.856	1.159.315
Gains (Losses) on Hedge		(129.367)	132.935
Gains (Losses) on Cash Flow Hedges	29	(129.367)	132.935
Gains (Losses) on Revaluation and Reclassification		50.027	6.988
Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Comprehensive Income	23	50.027	6.988
Restricted Reserves Appropriated from Profits		261.116	265.489
Legal Reserves	23	261.116	265.489
Prior Years' Profits or Losses	23	3.347.431	1.132.296
Current Period Net Profit Or Loss		856.747	1.895.487
Non-controlling Interests		1.225.054	869.799
TOTAL EQUITY		13.194.198	10.311.661
TOTAL LIABILITIES AND EQUITY		62.872.974	43.092.689

Consolidated financial statements for the period 1 January - 31 December 2022, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 10 March 2023. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
PROFIT OR LOSS			
Revenue	24	58.373.849	32.505.835
Cost of Sales	24	(44.691.815)	(23.487.021)
GROSS PROFIT		13.682.034	9.018.814
General Administrative Expenses	26	(1.230.743)	(651.035)
Marketing Expenses	26	(6.734.880)	(3.404.978)
Research and Development Expense	26	(716.616)	(405.695)
Other Income from Operating Activities	27	2.976.740	3.164.201
Other Expenses from Operating Activities	27	(7.557.671)	(6.556.200)
PROFIT FROM OPERATING ACTIVITIES		418.864	1.165.107
Share of Profit (Loss) from Investments Accounted for Using Equity Method		3.176	(66.461)
PROFIT BEFORE FINANCING INCOME		422.040	1.098.646
Finance Income	28	10.353.858	8.056.620
Finance Costs	28	(10.209.810)	(7.456.497)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		566.088	1.698.769
Tax (Expense) Income, Continuing Operations		542.099	455.184
Current Tax Expense	30	(17.204)	(10.293)
Deferred Tax Income	30	559.303	465.477
PROFIT FROM CONTINUING OPERATIONS		1.108.187	2.153.953
PROFIT FOR THE PERIOD		1.108.187	2.153.953
Profit (loss), attributable to			
Non-controlling Interests		251.440	258.466
Owners of Parent	31	856.747	1.895.487
Earnings per 100 share with a Kr 1 of Par Value (TL)	31	2,55	5,65
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		1.430.022	1.658.805
Gains (Losses) on Revaluation of Property, Plant and Equipment	29	2.681.393	1.877.468
Gains (Losses) on Remeasurements of Defined Benefit Plans		(767.133)	(124.274)
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		4.047	68.503
Gains (Losses) on Remeasurements of Defined Benefit Plans of Associates and Joint Ventures Accounted for Using Equity Method	29	4.047	68.503
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss		(488.285)	(162.892)
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment	29	(641.712)	(187.747)
Taxes Relating to Remeasurements of Defined Benefit Plans	29	153.427	24.855
Other Comprehensive Income that will be Reclassified to Profit or Loss		240.504	718.687
Foreign Exchange Differences on Translation		429.920	526.751
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		53.799	(5.559)
Reclassification Adjustments on Available-for-sale Financial Assets		(327.878)	235.615
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		(327.878)	235.615
Gains (Losses) on Cash Flow Hedges		(327.878)	235.615
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss		29.847	19.672
Gains (Losses) on Exchange Differences on Translation of Investments Accounted for Using Equity Method		29.847	19.672
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		54.816	(57.792)
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		(10.760)	1.112
Taxes Relating to Cash Flow Hedges		65.576	(58.904)
OTHER COMPREHENSIVE INCOME		1.670.526	2.377.492
TOTAL COMPREHENSIVE INCOME		2.778.713	4.531.445
Total Comprehensive Income Attributable to			
Non-controlling Interests		404.660	400.053
Owners of Parent		2.374.053	4.131.392

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

	Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurement of Defined Benefit Plans	Gains (Losses) on Revaluations and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	Foreign Exchange Differences on Translation	Cash Flow Hedges
Previous Period									
1 January -31 December 2021									
Beginning of Period	335.456	688.315	98.019	2.514.867	(65.191)	2.449.676	2.449.676	612.892	(43.776)
Transfers	-	-	-	(109.674)	-	(109.674)	(109.674)	-	-
Total Comprehensive Income (Loss)	-	-	-	1.758.224	(99.419)	1.658.805	1.658.805	546.423	176.711
Profit (Loss)	-	-	-	-	-	-	-	-	-
Other Comprehensive Income (Loss)	-	-	-	1.758.224	(99.419)	1.658.805	1.658.805	546.423	176.711
Dividends Paid (Note 8)	-	-	(89.983)	-	-	-	-	-	-
Transactions with non-controlling shareholders	-	-	(8.036)	(177.766)	4.540	(173.226)	(173.226)	-	-
End of Period	335.456	688.315	-	3.985.651	(160.070)	3.825.581	3.825.581	1.159.315	132.935
Current Period									
1 January -31 December 2022									
Opening Balance	335.456	688.315	-	3.985.651	(160.070)	3.825.581	3.825.581	1.159.315	132.935
Transfers	-	-	-	(136.686)	-	(136.686)	(136.686)	-	-
Total Comprehensive Income (Loss)	-	-	-	1.824.050	(562.276)	1.261.774	1.261.774	474.541	(262.048)
Profit (Loss)	-	-	-	-	-	-	-	-	-
Other Comprehensive Income (Loss)	-	-	-	1.824.050	(562.276)	1.261.774	1.261.774	474.541	(262.048)
Dividends Paid (Note 8)	-	-	-	-	-	-	-	-	-
Transactions with non-controlling shareholders	-	-	-	(26.657)	1.551	(25.106)	(25.106)	-	(254)
Closing Balance	335.456	688.315	-	5.646.358	(720.795)	4.925.563	4.925.563	1.633.856	(129.367)

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

	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasur- ing and/or Reclassification of Financial Assets Measured of Fair Value through Other Compressive Income	Gains (Losses) on Revaluation and Reclassifi- cation	Other Accumulated Comprehensive Income That Will Be Reclassified To Profit Or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attribut- able to owners of parent	Non- controll- ing interests	Equity
	(43.776)	11.435	11.435	580.551	67.091	1.080.040	1.772.599	2.852.639	7.071.747	353.787	7.425.534
	-	-	-	-	-	1.882.273	(1.772.599)	109.674	-	-	-
176.711	(4.447)	(4.447)	718.687	-	-	-	1.895.487	1.895.487	4.272.979	400.053	4.673.032
-	-	-	-	-	-	-	1.895.487	1.895.487	1.895.487	258.466	2.153.953
176.711	(4.447)	(4.447)	718.687	-	-	-	-	-	2.377.492	141.587	2.519.079
-	-	-	-	-	195.218	(2.465.969)	-	(2.465.969)	(2.360.734)	(118.671)	(2.479.405)
-	-	-	-	-	3.180	635.952	-	635.952	457.870	234.630	692.500
132.935	6.988	6.988	1.299.238	265.489	1.132.296	1.895.487	3.027.783	9.441.862	869.799	10.311.661	
132.935	6.988	6.988	1.299.238	265.489	1.132.296	1.895.487	3.027.783	9.441.862	869.799	10.311.661	
-	-	-	-	-	-	2.032.173	(1.895.487)	136.686	-	-	-
(262.048)	43.039	43.039	255.532	-	-	-	856.747	856.747	2.374.053	404.660	2.778.713
-	-	-	-	-	-	-	856.747	856.747	856.747	251.440	1.108.187
(262.048)	43.039	43.039	255.532	-	-	-	-	-	1.517.306	153.220	1.670.526
-	-	-	-	-	-	-	-	-	-	(121.963)	(121.963)
(254)	-	-	(254)	(4.373)	182.962	-	-	182.962	153.229	72.558	225.787
(129.367)	50.027	50.027	1.554.516	261.116	3.347.431	856.747	4.204.178	11.969.144	1.225.054	13.194.198	

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

		Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES		38.191	1.704.425
Profit		1.108.187	2.153.953
Profit from Continuing Operations		1.108.187	2.153.953
Adjustments to Reconcile Profit		480.334	(1.376.723)
Adjustments for Depreciation and Amortisation Expense	14	1.183.557	926.858
Adjustments for Impairment Loss (Reversal of Impairment Loss)		25.162	(16.754)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables		(25.215)	(29.133)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	50.377	12.379
Adjustments for Provisions		519.193	575.871
Adjustments for (Reversal of) Provisions Related with Employee Benefits	21	141.592	60.098
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	19	13.436	17.879
Adjustments for (Reversal of) Warranty Provisions	19	261.226	182.655
Adjustments for (Reversal of) Other Provisions	19	102.939	315.239
Adjustments for Interest (Income) Expenses		1.278.587	470.509
Adjustments for Interest Income	28	(1.464.332)	(838.238)
Adjustments for Interest Expense	28	2.742.919	1.308.747
Adjustments for Unrealised Foreign Exchange Losses (Gains)		(1.996.316)	(3.239.008)
Adjustments for Fair Value Losses (Gains)		(17.076)	287.345
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(17.076)	287.345
Adjustments for Losses From Investments Accounted for Using Equity Method		(3.176)	66.461
Adjustments for Tax (Income) Expenses	30	(542.099)	(455.184)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		32.502	(21.674)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		32.502	(21.674)
Other Adjustments to Reconcile Profit (Loss)		-	28.853

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Changes in Working Capital		(1.416.728)	989.268
Decrease (Increase) in Financial Investments		(38.443)	8.127
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(4.279.679)	(1.230.806)
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(26.723)	2.108
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(4.252.956)	(1.232.914)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(462.796)	(372.173)
Decrease (Increase) in Other Third Party Receivables Related with Operations		(462.796)	(372.173)
Adjustments for Decrease (Increase) in Inventories		(3.297.566)	(5.507.240)
Decrease (Increase) in Prepaid Expenses		(152.560)	(679.565)
Adjustments for Increase (Decrease) in Trade Accounts Payable		5.556.762	8.085.727
Increase (Decrease) in Trade Accounts Payables to Related Parties		(21.945)	36.408
Increase (Decrease) in Trade Accounts Payables to Third Parties		5.578.707	8.049.319
Increase (Decrease) in Employee Benefit Liabilities		174.466	33.935
Adjustments for Increase (Decrease) in Other Operating Payables		(7.961)	8.271
Increase (Decrease) in Other Operating Payables to Third Parties		(7.961)	8.271
Increase (Decrease) in Deferred Revenue		838.827	249.733
Other Adjustments for Other Increase (Decrease) in Working Capital		252.222	393.259
Decrease (Increase) in Other Assets Related with Operations		67.615	(101.116)
Increase (Decrease) in Other Payables Related with Operations		184.607	494.375
Cash Flows from Operations		171.793	1.766.498
Payments Related with Provisions for Employee Benefits	21	(55.941)	(23.457)
Income Taxes Refund (Paid)	30	(77.661)	(38.616)

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM USED IN INVESTING ACTIVITIES		(7.077.207)	(1.389.904)
Proceeds from sales of Shares Without Change in Control of Subsidiaries or Other Businesses		225.787	689.917
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(515.775)	(91.342)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		53.992	78.599
Proceeds from Sales of Property, Plant and Equipment		53.992	78.599
Purchase of Property, Plant, Equipment and Intangible Assets		(3.677.481)	(1.741.387)
Purchase of Property, Plant and Equipment	14	(2.936.660)	(1.319.126)
Purchase of Intangible Assets	16	(740.821)	(422.261)
Cash Advances and Loans Made to Other Parties		(3.163.730)	(325.691)
Cash Advances and Loans Made to Related Parties		(3.163.730)	(325.691)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		6.255.156	(1.585.005)
Proceeds from Borrowings		24.634.280	12.422.231
Proceeds from Loans	7	23.330.850	11.592.231
Proceeds from issued bonds	7	1.303.430	830.000
Repayments of Borrowings		(16.960.965)	(10.906.481)
Loan Repayments	7	(15.902.015)	(10.856.415)
Issued bonds repayments	7	(1.058.950)	(50.066)
Increase in Other Payables to Related Parties		-	(69.442)
Payments of Lease Liabilities		(81.947)	(150.744)
Dividends Paid		(121.963)	(2.479.405)
Interest Paid		(2.678.581)	(1.239.402)
Interest Received		1.464.332	838.238
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(783.860)	(1.270.484)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	7	247.128	186.909
NET DECREASE IN CASH AND CASH EQUIVALENTS		(536.732)	(1.083.575)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	2.089.121	3.172.696
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1.552.389	2.089.121

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli/İstanbul. The Group's production facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone, and Russia.

The ultimate controller of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa İstanbul ("BİST") since 1990. As of 31 December 2022, 39,05% of the Group's shares are publicly traded (2021: 36,3%).

As of 31 December 2022 the number of personnel employed at Group is 20.438 (31 December 2021: 19.119).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd.	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-Ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vestel U.S.A.	USA	Sales

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Cont'd)

Investments accounted for using equity method	Country	Nature of operations
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	Turkey	Production/Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	Turkey	Automotive

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") and its addendum and interpretations ("TFRS Interpretations") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Board.

The Group and its subsidiaries operating in Turkey maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The consolidated financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with CMB Financial Reporting Standards. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TFRS.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

In the announcement made by POA on 20 January 2022, companies that apply TFRS should not adjust financial statements for the year ended 31 December 2021 for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TAS 29 application and no adjustment was made to the financial statements as of 31 December 2022 in accordance with TAS 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.2 Currency used

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

iii) Translation of financial statements of subsidiaries having functional currency other than TL

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction).

Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under equity.

2.1.3 Basis of consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TFRS by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable/receivable balances and sales/purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

a) Subsidiaries (Cont'd)

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50% which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment.

b) Investments in associates

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group's share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

Since Lentatek and Aydın Yazılım has net liability position as of 31 December 2022, carrying value of such investment accounted for by equity method is reduced to zero in the consolidated balance sheets.

The Group's voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21%, respectively (31 December 2021: 35%, 21%).

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

c) Investments in associates (Cont'd)

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts.

Impairments are recorded in the statement of profit or loss and other comprehensive income. In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

2.2 Comparatives

Consolidated financial statements of the Group have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the consolidated financial statements.

2.3 Changes in accounting policies and accounting estimates and errors

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in Turkey Financial Reporting Standards

Standards, amendments, and interpretations applicable as of 31 December 2022:

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3**, "Business combinations" update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16**, "Property, plant and equipment" prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37**, "Provisions, contingent liabilities and contingent assets" specify which costs a company includes when assessing whether a contract will be loss-making.

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

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in Turkey Financial Reporting Standards (Cont'd)

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022: (Cont'd)

- **Amendment to TFRS 16 - Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 - Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

Group recognizes revenue in accordance with IFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

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

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Group can identify each party's rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred,
- d) The contract has commercial substance,
- e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.1 Revenue recognition (Cont'd)

Revenue from sale of goods

Group recognizes revenue based on the production and sale of white goods, consumer electronics, air conditioners and home appliance. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-3 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good.

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Group uses moving weighted average method for costing.

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 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.

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value less accumulated depreciation, based on valuations performed at 31 December 2022.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is the revalued amount of the asset.

Property, plant and equipment except for land, land improvements and buildings acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives of property, plant and equipment is as follows:

	Useful life
Land improvements	5 - 35 years
Buildings	10 - 46 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 30 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

Leases

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

- a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Leases (Cont'd)

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the incremental borrowing rate of the relevant Group company.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- c) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

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

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 20 years.

The Group - as a lessor

The Group's activities as a lessor are not material.

Right of use assets:

The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group applies the depreciation requirements in TAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

b) Rights and other intangible assets

Rights and other intangible assets consist of acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight-line basis over their expected useful lives which are less than fifteen years.

Useful life of intangible assets is as follows:

	Useful life
Rights	2 - 15 years
Development cost	2 - 10 years
Other	2 - 15 years

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.4 Intangible assets (Cont'd)

c) Goodwill

Goodwill arising on acquisition is the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities recognized. Within the scope of TFRS 3 "Business Combinations", beginning from 1 January 2005 the Group has stopped amortizing goodwill. Goodwill recognized on acquisitions before 31 December 2004 was being amortized until 31 December 2004 on a straight-line basis over their useful lives not to exceed twenty years.

Goodwill is tested for impairment annually or more frequently when there is an indication of impairment. Goodwill arising on acquisitions measured at cost less any impairment losses.

Impairment losses calculated on goodwill cannot be reversed in the statement of income even if the impairment ceases to exist in the following periods. Goodwill is linked to cash generating units during the impairment test.

In case the consideration transferred in a business combination includes any contingent considerations, the Group recognizes the acquisition date fair value of the contingent consideration as part of the consideration transferred. During the measurement period, contingent considerations recognized at the acquisition date fair value are retrospectively adjusted when necessary. The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognized for a business combination. This period shall not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.5 Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Group's financial assets carried at amortized cost comprise "trade receivables", "other assets" and "cash and cash equivalents" in the statement of financial position.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets measured at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

Impairment of financial assets

Impairment of the financial and contractual assets measured by using "Expected credit loss model". The impairment model applies for amortized financial and contractual assets.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.5 Financial instruments (Cont'd)

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Group's financial statements.

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

- (a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
 - (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - (ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.
- (b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.
- (c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.6 Foreign currency transactions

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to TL at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. Monetary items which are denominated in foreign currency and measured with historical costs are translated using the exchange rates at the dates of initial transactions.

Foreign currency transactions during the period are recorded at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currency in the balance sheet are translated into TL using the exchange rates prevailing in balance sheet date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period. Exchange differences arising are recognized in other comprehensive income and in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

2.5.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.5.8 Warranty and assembly expenses provision

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.9 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Group companies are considered and referred to as related parties.

2.5.10 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders' equity.

The tax currently 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 on 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.

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Group will benefit from the related incentive.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.11 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

2.5.12. Government grants

Government grants, including non-monetary grants at fair value, are recognized in consolidated financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in consolidated financial statements when they are authorized by the related institutions.

2.5.13 Earnings per share

Earnings per share disclosed in the consolidated statement of income is determined by dividing consolidated net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

2.5.14 Statement of cash flows

In the consolidated statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Group's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.15 Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under three industrial segments:

- Television and electronic devices
- White goods
- Other

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

2.5.16 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.5.17 Events after the balance sheet date

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies (Cont'd)

2.5.18 Going Concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

2.5.19 Trade payables

Trade payables are recognized at their fair values.

2.5.20 Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income as finance cost over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which (at least a period of one year) are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.6. Critical accounting estimates and judgments

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions.

Significant estimates of the Group management are as follows:

i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2022 (Note 14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6. Critical accounting estimates and judgments (Cont'd)

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned land, building and land improvements are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering depreciation on the reconstruction costs. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 "Impairment of Assets", and no impairment indicator is identified.

ii. Impairment tests of investments accounted for using the equity method

As stated in the accounting policies in Note 2.1.3.b, if there is an indicator of impairment related to the carrying amount of investments accounted for using the equity method, such investments are subjected to impairment tests.

The impairment test is performed by comparing the carrying amounts of the calculated cash flows with the recoverable amount calculated with the value-in-use of the investment. Significant estimates and assumptions used in determining the cash flows and their sensitivity analysis are presented in Note 13. As of 31 December 2022, no impairment was identified as a result of the impairment tests performed (Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 3 - INTERESTS IN OTHER ENTITIES

Subsidiaries:

As of 31 December 2022, and 31 December 2021 the Group's major subsidiaries are as follows:

Consolidated subsidiaries	31 December 2022		31 December 2021	
	Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. ^(*)	80,66	80,66	82,53	82,53
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH ^(**)	100	100	100	100
Cabot Communications Ltd.	90,80	90,80	90,80	90,80
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,90	99,90	99,90	99,90
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o. ^(***)	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd.	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel USA	100	100	-	-

^(*) Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 30,000,000 shares on 20 September 2022 on Borsa İstanbul. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 80.66%.

^(**) Within the scope of the restructuring of sales and marketing companies abroad, Vestel Germany GmbH, which is based in Germany and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Germany GmbH have been transferred to Vestel Holland B.V. Germany Branch Office, which is established in Germany by Vestel Holland B.V. The merger took place as of 31 December 2022.

^(***) See Note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 3 - INTERESTS IN OTHER ENTITIES (Cont'd)

Subsidiaries (Cont'd):

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows.

	31 December 2022	31 December 2021
Accumulated non-controlling interests	1.230.213	874.958
Comprehensive income attributable to non-controlling interests	404.660	400.053

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group's accounting policies applied in preparation of the consolidated financial statements.

Condensed balance sheet:

	31 December 2022	31 December 2021
Current assets	17.009.204	10.120.625
Non-current assets	8.521.158	4.068.788
Current liabilities	(18.428.441)	(8.562.036)
Non-current liabilities	(782.505)	(734.722)
Net assets	6.319.416	4.892.655

Condensed statement of comprehensive income:

	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	31.386.969	16.178.009
Income/(loss) before tax	1.101.062	1.216.852
Tax benefit/(expense)	323.404	301.740
Net income/(loss) for the period	1.424.466	1.518.592
Total comprehensive income	2.125.071	2.330.890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 3 - INTERESTS IN OTHER ENTITIES (Cont'd)**Subsidiaries (Cont'd):****Condensed statement of cash flows:**

	1 January - 31 December 2022	1 January - 31 December 2021
Operating activities:		
Changes in working capital	(453.568)	(745.422)
Net cash provided by operating activities	2.040.272	1.560.550
Investing activities:		
Net cash used in investing activities	(4.122.908)	(1.502.381)
Financing activities:		
Proceeds from bank borrowings	5.508.811	1.299.022
Repayment of bank borrowings	(1.314.260)	(1.835.329)
Dividends paid	(698.310)	(800.000)
Net cash (used in)/provided by financing activities	2.548.574	(132.490)
Cash and cash equivalents at the beginning of the period	112.815	187.136
Cash and cash equivalents at the end of the period	578.753	112.815

The financial information of Group's 50% associate META which is accounted for using the equity method, is disclosed in note 13.

Other financial information of Company's subsidiaries are not presented on the grounds of materiality.

NOTE 4 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas, The Group management uses industrial segments as primary reporting format and geographical segments as secondary reporting format.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 4 - SEGMENT REPORTING (Cont'd)

Industrial segments	Television and electronic devices	White goods	Total
1 January -31 December 2022			
Revenue	21.853.223	36.520.626	58.373.849
Cost of sales	(16.716.341)	(27.975.474)	(44.691.815)
Gross profit	5.136.882	8.545.152	13.682.034
Depreciation and amortization	531.392	652.165	1.183.557
1 January -31 December 2021			
Revenue	13.061.150	19.444.685	32.505.835
Cost of sales	(10.152.213)	(13.334.808)	(23.487.021)
Gross profit	2.908.937	6.109.877	9.018.814
Depreciation and amortization	420.666	506.192	926.858
Capital expenditure			
	Television and electronical devices	White goods	Total
1 January -31 December 2022	893.924	2.783.557	3.677.481
1 January -31 December 2021	960.390	780.997	1.741.387

Geographical segments:

Segment revenue	1 January - 31 December 2022	1 January - 31 December 2021
Turkey	19.240.316	8.601.572
Europe	34.284.905	22.292.037
Other	8.722.209	3.650.291
Gross segment sales	62.247.430	34.543.900
Discounts (-)	(3.873.581)	(2.038.065)
Net sales	58.373.849	32.505.835

The amount of export for the period 1 January - 31 December 2022 is TL 43.007.115 (1 January - 31 December 2021: TL 25.942.328). Export sales are denominated in EUR, USD and other currencies as 68,7%, 25,3%, and 6% of total exports respectively. (1 January - 31 December 2021: 63,3% EUR, 28% USD, 8,7% other)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	3.148	2.188
Bank deposits		
- Demand deposits	1.217.107	1.410.170
- Time deposits	214.747	550.795
Cheques and notes	45.029	39.794
Other	72.358	86.174
	1.552.389	2.089.121
Blocked deposits	22	22
Cash and cash equivalents	1.552.411	2.089.143

Effective interest rates

	31 December 2022	31 December 2021
EUR	0,01%	0,07%
TL	18,00%	21,13%
USD	0,04%	0,23%
KZT	-	7,00%
RUB	4,50%	6,35%

The Group has time deposits amounting to USD 1.003 thousand, TL 96.696 thousand, EUR 4.200 thousand and RUB 60.000 (31 December 2021: USD 1.000 thousand, TL 459.171 thousand, EUR 5.167 thousand, KZT 500 thousand, and RUB 16.000). As of 31 December 2022, and 31 December 2021 the Group's time deposits have an average maturity of less than 3 months.

See Note 33 for the foreign currency details of the Group's demand deposits.

NOTE 6 - FINANCIAL ASSETS

	Country	Ownership		Amount	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets measured at fair value through other comprehensive income:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	70.400	16.601
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	-	-	200	200
				70.611	16.812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 6 - FINANCIAL ASSETS (Cont'd)

Non-consolidated subsidiaries on the grounds of materiality:	Country	Ownership		Amount	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Vestel Ventures Ar-Ge A.Ş.	Turkey	100%	100%	56.273	56.273
				56.273	56.273

NOTE 7 - FINANCIAL LIABILITIES

	31 December 2022	31 December 2021
Short term financial liabilities		
Short term bank loans	17.668.289	4.344.893
Short term portion of long term bank loans	1.396.941	6.014.337
Short term portion of long term lease liabilities	140.069	74.857
Short term issued bonds ⁽¹⁾	1.139.204	637.817
	20.344.503	11.071.904
Long term financial liabilities		
Long term bank loans	693.877	628.475
Long term lease liabilities	397.326	151.747
Long term issued bonds	-	265.000
	1.091.203	1.045.222

⁽¹⁾ The sales of corporate bonds to the qualified investors amounting to TL 265.000 on 9 June 2021 with maturity of 728 days; TL 160.860 9 March 2022 with the maturity of 399 days; TL 30.000 on 1 August 2022 with the maturity of 389 days; TL 214.000 on 25 August 2022 with the maturity of 153 days; TL 61.000 on 25 August 2022 with the maturity of 365 days; TL 394.000 on 2 December 2022 with the maturity of 174 days has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 7 - FINANCIAL LIABILITIES (Cont'd)

Principle payment of the bond which has been sold as of 9 July 2020 with the amount of 50.380 has been done on 7 July 2022, principle payment of the bond which has been sold as of 19 February 2021 with the amount of TL 400.000 has been done on March 9 2022, principle payment of the bond which has been sold as of 30 July 2021 with the amount of TL 165.000 has been done on 1 August 2022, principle payment of the bond which has been sold as of 9 March 2022 with the amount of TL 109.570 has been done on 25 August 2022, principle payment of the bond which has been sold as of 1 August 2022 with the amount of TL 334.000 has been done on 2 December 2022.

Details of the Group's short term bank loans are given below:

Currency	31 December 2022			31 December 2021		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	8,27%	235.849	4.417.923	3,71%	130.232	1.690.085
- EUR	8,75%	64.505	1.288.216	3,74%	16.636	244.259
- TL	16,75%	11.778.618	11.778.618	24,97%	2.410.549	2.410.549
- CNY	4,55%	68.467	183.532	0,00%	-	-
			17.668.289			4.344.893

Details of the Group's long term bank loans are given below:

Currency	31 December 2022			31 December 2021		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	6,74%	13.104	245.464	3,54%	257.296	3.339.065
- EUR	5,37%	20.097	401.353	4,36%	38.620	567.025
- TL	14,82%	750.124	750.124	16,12%	2.108.247	2.108.247
Short term portion			1.396.941			6.014.337
- USD	8,18%	36.142	677.012	5,97%	23.342	302.916
- EUR	0,00%	-	-	3,00%	19.455	285.645
- TL	15,00%	16.865	16.865	12,31%	39.914	39.914
Long term portion			693.877			628.475
			2.090.818			6.642.812

Total amount of Group's floating bank loans is amounting to TL 10.401.240 (31 December 2021: TL 5.780.170).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 7 - FINANCIAL LIABILITIES (Cont'd)

The maturity schedule of Group's long term bank loans is given below:

	31 December 2022	31 December 2021
One to two years	454.791	384.289
Two to three years	239.086	244.186
	693.877	628.475

The analysis of Group's bank loans in terms of periods remaining to contractual re-pricing dates is as follows:

	31 December 2022	31 December 2021
3 months or less	3.740.153	783.064
Between 3-6 months	2.690.124	17.619
Between 6-12 months	3.174.415	4.332.324
1 year or more	796.548	647.163
	10.401.240	5.780.170

Guarantees given for the bank loans are presented in Note 19.

Fair values of short-term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

As of 31 December 2022, and 31 December 2021, the Group's net financial debt reconciliation is shown below:

	31 December 2022	31 December 2021
Net financial debt as of 1 January	10.028.005	5.641.966
Cash inflows from loans and issued bonds	24.634.280	12.422.231
Cash outflows from loan payments and issued bonds	(16.960.965)	(10.856.415)
Payments of lease liabilities	(351.018)	(12.789)
Unrealized Fx gain/loss	1.229.909	1.761.620
Accrued interest	766.374	(12.183)
Change in cash and cash equivalents	536.732	1.083.575
Net financial debt at the end of the period	19.883.317	10.028.005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 8 - RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	31 December 2022	31 December 2021
Korteks Mensucat Sanayi ve Ticaret A.Ş. ⁽¹⁾	8.790	5.907
Linens Pazarlama A.Ş. ⁽¹⁾	-	4.130
Other related parties	32.066	4.096
	40.856	14.133

b) Short term trade payables to related parties

	31 December 2022	31 December 2021
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	11.377	525
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	11	62.383
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	-	308
Zorlu Air Havacılık A.Ş. ⁽¹⁾	963	1.287
Zorlu Holding A.Ş.	13.790	-
Other related parties	17.923	1.506
	44.064	66.009

c) Other short term receivables from related parties

	31 December 2022	31 December 2021
Vestel Ventures A.Ş. ⁽³⁾	744.432	390.294
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	607.814	457.981
	1.352.246	848.275

As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25%, and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

⁽¹⁾ Zorlu Holding Group Company ⁽²⁾ Parent ⁽³⁾ Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 8 - RELATED PARTY DISCLOSURES (Cont'd)

d) Other long term receivables from related parties

	31 December 2022	31 December 2021
Zorlu Holding A.Ş. ⁽²⁾	6.461.918	4.418.094
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	5.674.420	4.020.204
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ⁽³⁾	4.281.819	2.279.484
	16.418.157	10.717.782

As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25% and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

e) Lease liabilities to related parties

	31 December 2022	31 December 2021
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş. ⁽¹⁾	9.447	19.555
Zorlu Yapı Yatırım A.Ş. ⁽¹⁾	1.229	2.544
	10.676	22.099

f) Prepaid expenses to related parties

	31 December 2022	31 December 2021
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ⁽¹⁾	198.203	-
	198.203	-

⁽¹⁾ Zorlu Holding Group Company ⁽²⁾ Parent ⁽³⁾ Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 8 - RELATED PARTY DISCLOSURES (Cont'd)**g) Transactions with related parties**

	1 January - 31 December 2022	1 January - 31 December 2021
Sales		
Zorlu Enerji Elektrik Üretim A.Ş. ⁽¹⁾	222.847	28
ZES Dijital Ticaret A.Ş. ⁽¹⁾	65.324	12.474
Rotor Elektrik Üretim A.Ş. ⁽¹⁾	56.887	11
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. ⁽¹⁾	64	4.686
Other related parties	80.981	4.848
	426.103	22.047
	1 January - 31 December 2022	1 January - 31 December 2021
Operating Expense		
Zorlu Holding A.Ş. ⁽²⁾	158.417	88.434
ABH Turizm Temsilcilik ve Ticaret A.Ş. ⁽¹⁾	112.732	9.764
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. ⁽¹⁾	17.921	13.925
Zorlu Air Havacılık A.Ş. ⁽¹⁾	10.022	7.017
Other related parties	73.493	27.727
	372.585	146.867
	1 January - 31 December 2022	1 January - 31 December 2021
Other income from operating activities		
Other related parties	8.613	10.629
Other expense from operating activities		
Other related parties	21.186	56.615

⁽¹⁾ Zorlu Holding Group Company, ⁽²⁾ Parent ⁽³⁾ Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 8 - RELATED PARTY DISCLOSURES (Cont'd)

g) Transactions with related parties (Cont'd)

	1 January - 31 December 2022	1 January - 31 December 2021
Financial income		
Zorlu Holding A.Ş. ⁽²⁾	2.381.318	2.548.296
Lentatek Uzay Havacılık ve Teknoloji A.Ş. ⁽³⁾	2.198.000	1.361.665
Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş.	1.209.289	954.628
Other related parties	256.399	136.039
	6.045.006	5.000.628
	1 January - 31 December 2022	1 January - 31 December 2021
Financial expense		
Other related parties	602	6.470
	602	6.470
	1 January - 31 December 2022	1 January - 31 December 2021
Dividend payment to non-controlling interests	121.963	118.671

⁽¹⁾ Zorlu Holding Group Company, ⁽²⁾ Parent ⁽³⁾ Subsidiary

h) Guarantees received from and given to related parties are disclosed in note 19.

i) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers

Compensation paid to key management for the year ended 31 December 2022 is TL 69.543 (1 January - 31 December 2021: TL 66.081).

j) Financial income from related parties result from interest income from financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	40.856	14.133
- Other parties	9.766.217	6.261.868
Cheques and notes receivables	1.304.931	419.144
Other	117.122	182.635
	11.229.126	6.877.780
Unearned interest expense (-)		
- Other parties	(100.618)	(29.351)
Allowance for doubtful receivables (-)	(154.598)	(174.147)
Total short term trade receivables	10.973.910	6.674.282
Long term trade receivables		
Cheques and notes receivables	67	467
Total long term trade receivables	67	467
Short term trade payables		
Trade payables		
- Related parties (note 8)	44.064	66.009
- Other parties	21.595.766	15.980.631
Other	4.925	4.214
	21.644.755	16.050.854
Unearned interest income (-)		
- Other parties	(63.278)	(24.265)
Total short term trade payables	21.581.477	16.026.589
Long term trade payables		
Trade payables		
- Other parties	182.877	181.003
Total long term trade payables	182.877	181.003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 10 - OTHER RECEIVABLES

	31 December 2022	31 December 2021
Short term other receivables		
Receivables from public institutions	1.001.378	497.333
Receivables from related parties (note 8)	1.352.246	848.275
Deposits and guarantees given	165.120	109.241
Other	91.302	95.842
	2.610.046	1.550.691
Allowance for doubtful receivables (-)	(89.623)	(89.670)
	2.520.423	1.461.021
Long term other receivables		
Deposits and guarantees given	33.447	24.281
Receivables from related parties (note 8)	16.418.157	10.717.782
Other	8.416	110.170
	16.460.020	10.852.233
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	16.451.742	10.843.955
Short term other payables		
Other payables		
- Related parties	2.791	10.752
	2.791	10.752
Deferred revenue		
- Other parties	1.252.820	413.993
	1.252.820	413.993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 11 - INVENTORIES

	31 December 2022	31 December 2021
Raw materials	6.128.682	4.590.704
Work in process	374.961	226.636
Finished goods	5.732.317	4.507.882
Merchandise	652.625	294.319
Other	37.097	8.575
	12.925.682	9.628.116
Provision for impairment on inventories (-)	(172.608)	(99.413)
	12.753.074	9.528.703

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January - 31 December 2022 is TL 39.367.967 (2021: TL 20.632.944).

As of 31 December 2022, the Group does not have inventories pledged as security for liabilities (31 December 2021: None)

Allocation of provision for impairment on inventories in terms of inventory type is as follows:

	31 December 2022	31 December 2021
Raw materials	124.884	42.101
Finished goods and merchandise	47.724	57.312
	172.608	99.413

Movement of provision for impairment on inventories is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	99.413	59.407
Current year additions	95.036	25.679
Realised due to sale of inventory	(44.659)	(13.300)
Currency translation differences	22.818	27.627
Balance at 31 December	172.608	99.413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 12 - PREPAID EXPENSES

	31 December 2022	31 December 2021
Prepaid expenses in current assets		
Order advances given	380.694	461.085
Prepaid expenses	214.539	146.616
Business advances given	4.788	4.016
	600.021	611.717
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	375.631	261.847
Prepaid expenses	13.162	109.467
	388.793	371.314

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2022		31 December 2021	
	%	Amount	%	Amount
Investment in associates				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	817.503	50%	740.287
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	1.153.117	23%	666.525
		1.970.620		1.406.812

Pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, the Group has purchased 916.335.000 shares (each with a nominal value of TL 1 and representing 50% of the Group's share capital) of Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("META"), which is a Zorlu Holding A.Ş. subsidiary and is involved in nickel-cobalt mining, from Ahmet Nazif Zorlu, Olgun Zorlu, Mehmet Emre Zorlu, Selen Zorlu Melik, Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş. and Zorlu Holding AŞ, for a total consideration of US\$250 mn (TL 1.152.075) in order to secure the supply of nickel sulphate and cobalt sulphate compounds, which are critical raw materials for the production of EV batteries. The acquisition value is in accordance with the valuation range of USD 447,2 million and USD 572 million stated in the independent appraisal report dated 29 June 2018 and prepared by Ernst&Young Advisory Services, which is licensed by the Capital Markets Board.

META was founded in 2000 to undertake nickel mining in Turkey, has been operating under Zorlu Group since 2007. The Group's nickel cobalt mining facility in Gördes, Manisa was commissioned at the end of 2014. The facility has a production capacity of 10.000 tons of nickel content and 550 tons of cobalt content per annum. Besides Gördes, META also has a licensed field in Eskişehir and undertakes surveying activities in various regions of Turkey. Currently, META produces nickel- cobalt hydroxide (MHP), which is an intermediate product, and plans to undertake an investment for the production of nickel sulfate and cobalt carbonat compounds, which are critical for Li-ion battery production in the upcoming period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding AŞ was a party, Vestel Elektronik Sanayi ve Ticaret AŞ decided has participated with 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which is planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Group is completed on 28 June 2018.

Within the scope of the decision taken at the Annual General Meeting of TOGG which was held on 31 May 2021, the Group's stake in TOGG has reached to 23%.

The Group's voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21% respectively (31 December 2021: 35%, 21%).

The movements of META, which is an investment accounted for using the equity method during the period 1 January - 31 December 2022 and 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	740.287	808.203
Shares from profit/loss	43.322	(156.091)
Shares from other comprehensive income/expense	33.894	88.175
Balance at 31 December	817.503	740.287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

Summary financial statement information of META is as follows:

	31 December 2022	31 December 2021
Total Assets	12.312.082	7.704.020
Total Liabilities	(12.020.507)	(7.558.781)
Net assets	291.575	145.239
	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	2.252.089	884.604
Income/(loss) before tax	(485.487)	(124.623)
Tax benefit/(expense)	572.131	(187.558)
Net income/(loss) for the period	86.644	(312.181)
Total comprehensive loss	146.338	(135.831)

Impairment test of investments accounted for using the equity method:

As stated in the accounting policies in Note 2.1.3.b, on the grounds of materiality, the Group has subjected META to impairment testing in accordance with the provisions of TAS 36 "Impairment of Assets", which is accounted for using the equity method. The recoverable amount was determined based on discounted cash flow analysis prepared on the basis of the mine resources of META in licensed mine areas in Gördes and the future investments.

As a result of impairment tests, no impairment was identified related to META as of 31 December 2022 (2021: None).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

Sensitivity analysis:

The sensitivity analysis performed for the estimates and assumptions used in determining the cash flows is as follows:

Sensitivity scenarios are analyzed by comparing base scenario to the scenarios where significant assumptions used in impairment tests show negative deviations in defined percentages. In the related sensitivity analyzes performed as of 31 December 2022, the deviations of the recoverable amount compared to the carrying amount including goodwill are summarized in the table below:

	Percentage of META's carrying amount in financials
Sensitivity analysis	
1% increase in discount rate	347%
10% decrease in nickel prices	244%
10% decrease in cobalt carbonat prices	356%
10% decrease in metal equivalent mine resource amount	351%

In accordance with the loan agreement of Meta Nikel as amended on 23 August 2020:

- Pursuant to the Commercial Enterprise Pledge Agreement, a first-degree pledge amounting to TL 3.000.000 thousand is placed on behalf of creditors Meta Nikel's assets indefinitely and the pledge will be valid until Meta Nikel is canceled the pledge after the payment of the mentioned loans.
- In accordance with the Mining License Mortgage Agreement a top limit mining license first degree mortgage amounting to USD 420,000 thousand is established.
- Pursuant to the share pledge agreement, first degree pledge was established on all shares representing 100% of Meta Nikel's share capital, including all shares to be issued by Meta Nikel.
- In accordance with the Transfer of Receivables Agreement, Vestel Elektronik, Zorlu Holding and Zorlu Dış Ticaret are the Successor Creditors in the collection of receivables from Meta Nikel in order to establish a permanent guarantee of the performance of the debts of Meta Nikel resulting from the loan agreement subject to collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	Net off Accumulated Depreciation Before Revaluation	Fair value increase	31 December 2022
Cost or revaluation								
Land	1.724.691	-	-	12.783	-	-	1.457.051	3.194.525
Land improvements	213.477	95	-	30.385	325	(15.518)	49.129	277.893
Buildings	3.667.374	14.533	(2.520)	419.899	34.029	(155.339)	1.175.213	5.153.189
Leasehold improvements	191.722	57.786	(4)	1.100	5.089	-	-	255.693
Plant and machinery	4.589.149	845.556	(28.671)	84.123	377.133	-	-	5.867.290
Motor vehicles	9.541	2.876	(466)	637	-	-	-	12.588
Furniture and fixtures	566.821	208.722	(1.896)	16.802	15.635	-	-	806.084
Other tangible assets	849	-	-	-	-	-	-	849
Construction in progress ^(*)	82.132	1.807.092	(2.024)	319	(432.211)	-	-	1.455.308
	11.045.756	2.936.660	(35.581)	566.048	-	(170.857)	2.681.393	17.023.419
Accumulated depreciation								
Land improvements	2.585	2.086	-	29.395	-	(15.518)	-	18.548
Buildings	169.092	219.907	(10)	24.580	-	(155.339)	-	258.230
Leasehold improvements	187.612	10.225	(4)	1.199	-	-	-	199.032
Plant and machinery	2.760.215	573.003	(27.437)	175.122	-	-	-	3.480.903
Motor vehicles	2.604	2.614	(458)	5.237	-	-	-	9.997
Furniture and fixtures	495.809	30.459	(1.701)	580	-	-	-	525.147
Other tangible assets	849	-	-	-	-	-	-	849
	3.618.766	838.294	(29.610)	236.113	-	(170.857)	-	4.492.706
Net book value	7.426.990							12.530.713

*Substantial part of construction in progress consists of new dish washer factory investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	Fair value increase	31 December 2022
Cost or revaluation							
Land	1.145.890	-	-	17.267	-	561.534	1.724.691
Land improvements	142.770	-	-	12.537	17	58.153	213.477
Buildings	2.372.070	-	(2.184)	30.232	9.475	1.257.781	3.667.374
Leasehold improvements	168.269	17.530	(4)	4.750	1.177	-	191.722
Plant and machinery	3.382.776	1.038.933	(82.342)	117.491	132.291	-	4.589.149
Motor vehicles	7.950	1.077	(26)	602	(62)	-	9.541
Furniture and fixtures	477.660	65.833	(3.325)	17.869	8.784	-	566.821
Other tangible assets	849	-	-	-	-	-	849
Construction in progress	38.064	195.753	(3)	-	(151.682)	-	82.132
	7.736.298	1.319.126	(87.884)	200.748	-	1.877.468	11.045.756
Accumulated depreciation							
Land improvements	-	2.280	-	305	-	-	2.585
Buildings	2.343	109.973	(429)	57.205	-	-	169.092
Leasehold improvements	160.263	24.494	(4)	2.859	-	-	187.612
Plant and machinery	2.361.532	407.897	(81.506)	72.292	-	-	2.760.215
Motor vehicles	6.876	1.452	(26)	(5.698)	-	-	2.604
Furniture and fixtures	388.638	95.025	(2.750)	14.896	-	-	495.809
Other tangible assets	849	-	-	-	-	-	849
	2.920.501	641.121	(84.715)	141.859	-	-	3.618.766
Net book value	4.815.797						7.426.990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

	Land	Land improvements and buildings
31 December 2022		
Cost	185.267	873.143
Accumulated depreciation (-)	-	(384.266)
Net book value	185.267	488.877
31 December 2021		
Cost	185.267	826.681
Accumulated depreciation (-)	-	(306.019)
Net book value	185.267	520.662

As of 31 December 2022, the Group does not have property, plant and equipment pledged (2021: None)

Allocation of current year depreciation and amortization expenses is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of sales	774.640	597.467
Research and development expenses	257.493	201.261
Marketing, selling and distribution expenses	50.984	93.079
General administrative expenses	88.768	30.587
Other operating expense (idle capacity depreciation expense)	11.672	4.464
	1.183.557	926.858

31 December 2022	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	3.194.525	-
Buildings and land improvements	-	5.154.304	-
31 December 2021	Level 1	Level 2	Level 3
Tangible Assets			
Lands	-	1.724.691	-
Buildings and land improvements	-	3.709.174	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 15 - RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
	315.286	399.325	-	714.611
Land and buildings	123.509	34.687	(1.063)	157.133
Motor vehicles				
	438.795	434.012	(1.063)	871.744
Accumulated amortization				
	178.707	120.909	-	299.616
Land and buildings	80.470	26.684	(16)	107.138
Motor vehicles				
	259.177	147.593	(16)	406.754
Net book value	179.618			464.990
	1 January 2021	Additions	Disposals	31 December 2021
Cost				
	251.366	67.300	(3.380)	315.286
Land and buildings	96.031	31.403	(3.925)	123.509
Motor vehicles				
	347.397	98.703	(7.305)	438.795
Accumulated amortization				
	96.608	84.025	(1.926)	178.707
Land and buildings	51.028	30.989	(1.547)	80.470
Motor vehicles				
	147.636	115.014	(3.473)	259.177
Net book value	199.761			179.618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 16 - INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Rights	89.530	1.095	-	4.035	94.660
Development cost	1.717.843	665.820	(84.538)	-	2.299.125
Other intangible assets	212.385	73.906	-	5.799	292.090
	2.019.758	740.821	(84.538)	9.834	2.685.875
Accumulated amortization					
Rights	64.629	4.277	-	4.006	72.912
Development cost	928.105	183.252	(4.015)	-	1.107.342
Other intangible assets	116.581	10.141	-	5.118	131.840
	1.109.315	197.670	(4.015)	9.124	1.312.094
Net book value	910.443				1.373.781

	1 January 2021	Additions	Disposals	Currency translation differences	31 December 2021
Cost					
Rights	84.977	-	(134)	4.687	89.530
Development cost	1.383.379	394.730	(60.266)	-	1.717.843
Other intangible assets	175.417	27.531	(281)	9.718	212.385
	1.643.773	422.261	(60.681)	14.405	2.019.758
Accumulated amortization					
Rights	55.933	4.504	(125)	4.317	64.629
Development cost	773.431	155.534	(860)	-	928.105
Other intangible assets	103.469	10.685	(5.940)	8.367	116.581
	932.833	170.723	(6.925)	12.684	1.109.315
Net book value	710.940				910.443

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers, drying machines and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 17 - GOODWILL

Goodwill is distributed on cash generating unit which are based on segmental reporting. Summary table of goodwill based on segmental reporting is given below:

	31 December 2022	31 December 2021
White goods	168.543	168.543
Television and electronic devices	25.773	25.773
Software	2.252	2.252
	196.568	196.568

Impairment of the goodwill amount relating to the listed subsidiary of the Group is tested through the evaluation of the fair value determined on the average transaction amounts effective as of the balance sheet date as recoverable amount.

NOTE 18 - GOVERNMENT GRANTS

There are investment incentive certificates to which the Group has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Group in nature are as follows:

- i) Exemption from customs duty on machinery and equipment to be imported,
- ii) VAT exemption with respect to purchases of investment goods both from domestic and export markets,
- iii) Incentives under the jurisdiction of the research and development law,(Note 30)
- iv) Inward processing permission certificates,
- v) Cash refund from Tübitak - Teydeb for research and development expenses,
- vi) Discounted corporate tax incentive,
- vii) Insurance premium employer share incentive
- viii) Brand support incentive (Turquality) given by Republic of Turkey Ministry of Economy.

Research and development incentive premium from Tübitak Technology and Innovation Funding programs directorate ("TEYDEB") amounts to TL 5.030 for the period 1 January - 31 December 2022. (1 January -31 December 2021 TL 10.344).

Brand support incentive Turquality obtained from Republic of Turkey Ministry of Economy amounts to TL 40.993 in year 2022. (2021: TL 4.022).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 December 2022	31 December 2021
Short term provisions		
Warranty and assembly provision	680.015	477.020
Other provisions	819.480	716.541
Provision for lawsuit risks	60.510	47.074
	1.560.005	1.240.635
Long term provisions		
Warranty and assembly provision	151.680	93.449
	151.680	93.449

As of 31 December 2022, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 60.510 (2021: TL 47.074).

As of 31 December 2022 and 2021 movements of warranty and assembly provisions are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	570.469	387.814
Current year additions	1.025.249	583.038
Provisions no longer required	(764.023)	(400.383)
Balance at 31 December	831.695	570.469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

b) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	31 December 2022	31 December 2021
Guarantee letters	2.198.770	1.393.114
Cheques and notes	2.083.544	1.275.077
Collaterals and pledges	2.625.958	1.535.346
	6.908.272	4.203.537

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given collaterals to various banks on behalf of the Company for its forward contracts and loans utilized.

c) Collaterals, pledges and mortgages ("CPM's") given by the Group

CPM's given by the Group	USD (‘000)	EUR (‘000)	GBP (‘000)	TL	TL Equivalent
31 December 2022					
A. CPM's given on behalf of its own legal entity	3.625	4.227	-	24.076	176.397
B. CPM's given on behalf of fully consolidated subsidiaries ⁽¹⁾	2.226.653	83.116	450	4.200.339	47.580.069
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	34.991	-	-	19.383	674.834
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	19.383	674.834
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.265.269	87.343	450	4.243.798	48.431.300

⁽¹⁾ Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
31 December 2021					
A. CPM's given on behalf of its own legal entity	8.879	22.206	450	120.160	569.276
B. CPM's given on behalf of fully consolidated subsidiaries	2.205.303	64.201	81	4.278.812	33.842.164
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	43.137	-	-	21.169	580.979
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	43.137	-	-	21.169	580.979
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	2.257.319	86.407	531	4.420.141	34.992.419

As of 31 December 2022, proportion of other CPM's given by the Group to its equity is 5% (31 December 2021: 6%).

NOTE 20 - COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to USD 5.331.164 thousand (31 December 2021: USD 5.198.333 thousand) due to the export and investment incentive certificates obtained.

As of 31 December 2022, the Group has forward foreign currency purchase contract that amounts to USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand, TL 5.563.115 thousand against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand, TL 3.178.893 thousand. (31 December 2021: USD 889.644 thousand, EUR 182.045 thousand, GBP 94.967 thousand, PLN 26.510 thousand, RON 10.508 thousand, TL 2.083.288 thousand against forward foreign currency sales contract that amounts to USD 430.365 thousand, EUR 638.255 thousand, GBP 106.292 thousand, RUB 993.900 thousand, RON 18.031 thousand, PLN 65.490 thousand, SEK 9.447 thousand and TL 1.008.312 thousand against forward foreign currency sales contract).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 21 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 December 2022	31 December 2021
Due to personnel	273.856	131.134
Social security payables	180.113	148.369
	453.969	279.503

Long-Term provisions for employee benefits:

	31 December 2022	31 December 2021
Provision for employment termination benefits	1.240.006	387.222

Under Turkish law, the Group is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Group is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 15.371,40 TL/year as of 31 December 2022 (31 December 2021: 8.284,51 TL/year).

Provision for employment termination benefits is not subject to any funding.

The provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently, in the accompanying financial statements as of 31 December 2021, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 31 December 2022 provision is calculated based on real discount rate of 2%, assuming 7,02% annual inflation rate and 9,16% discount rate (31 December 2021: 4,44% real discount rate, 15,8% inflation rate and 20,9% discount rate).

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 19.982,83 which is effective from 1 January 2023 (1 January 2022: TL 10.848,59) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 21 - EMPLOYEE BENEFITS (Cont'd)

The movement in the provision for employment termination benefit is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	387.222	226.307
Increase during the year	64.353	9.811
Payments during the year	(55.941)	(23.457)
Actuarial (gain)/loss	767.133	124.274
Interest expense	77.239	50.287
Balance at 31 December	1.240.006	387.222

NOTE 22 - OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Other current assets		
VAT carried forward	21.860	25.455
Rebates from suppliers and incentives income accruals	42.452	76.037
Other	92.986	113.831
	157.298	215.323
Other current liabilities		
Tax payables	402.443	232.645
Other	815.554	802.189
	1.217.997	1.034.834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	31 December 2022	31 December 2021
Shares of par value Kr 1 each limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 31 December 2022 and 31 December 2021 the shareholding structures are as follows:

	Shareholding		Amount	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Zorlu Holding A.Ş.	60,95%	63,70%	204.444	213.696
Other shareholders	39,05%	36,30%	131.012	121.760
	100%	100%	335.456	335.456

Zorlu Holding A.Ş. sold Vestel Elektronik Sanayi ve Ticaret A.Ş. shares with a nominal amount of TL 4.797.600 on 28 April 2022, TL 2.455.000 on 26 August 2022, TL 2.000.000 on 28 December 2022. Following the transaction, Zorlu Holding A.Ş.'s share in Vestel Elektronik Sanayi ve Ticaret A.Ş. declined to 60.95%.

b) Adjustment to share capital

Adjustment to share capital (restated to 31 December 2004 purchasing power of money) is the difference between restated share capital and historical share capital.

c) Share premium

Share premium account refers the difference between par value of the Company's shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

d) Legal reserves

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

	31 December 2022	31 December 2021
Legal reserves	261.116	265.489

e) Revaluation reserve

Fair value gains on financial assets	50.027	6.988
Revaluation of property, plant and equipment	5.646.358	3.985.651
	5.696.385	3.992.639

f) Retained Earnings

Extraordinary reserves	512.541	512.541
Previous year's loss	2.715.172	500.037
Other inflation adjustment of share capital	119.718	119.718
	3.347.431	1.132.296

g) Dividend distribution

For quoted companies dividends are distributed in accordance with the Communiqué Serial II -19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

g) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

- a) As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- b) A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.
- c) After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.
- d) After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.
- e) One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decided to distribute dividends related to 2021 financial period amounting to TL 698.309 (TL 0,43644 gross, TL 0,39280 net for each TL 1.00 nominal value per share). As of 31 December 2022, dividends paid amounted to TL 121.963 except Vestel Elektronik Sanayi ve Ticaret A.Ş.

NOTE 24 - SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic sales	19.240.316	8.601.572
Overseas sales	43.007.114	25.942.328
Gross sales	62.247.430	34.543.900
Sales discounts (-)	(3.873.581)	(2.038.065)
Net sales	58.373.849	32.505.835
Cost of sales	(44.691.815)	(23.487.021)
Gross profit	13.682.034	9.018.814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 25 - EXPENSES BY NATURE

	1 Ocak - 31 Aralık 2022	1 Ocak - 31 Aralık 2021
Raw materials, supplies and finished goods	41.099.033	23.602.311
Changes in finished goods, work in process, trade goods	(1.731.066)	(2.969.367)
Personnel expenses	4.587.057	2.393.286
Depreciation and amortization	1.171.885	922.394
Export, transportation, warehouse expenses	3.271.727	1.436.976
Warranty and assembly expenses	1.025.249	583.038
Advertising expenses	516.706	330.386
Other	3.433.463	1.649.705
	53.374.054	27.948.729

Fees for Services Received from Independent Audit Firm

The fees related to the services received by the Group from the Independent Audit Firm are as follows:

	1 Ocak - 31 Aralık 2022	1 Ocak - 31 Aralık 2021
Independent audit fee for the reporting period	15.218	9.302
Tax consultancy	3.759	2.028
Fees for services other than independent audit	2.903	398
	21.880	11.728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 26 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	445.365	248.783
Depreciation and amortization	88.768	30.587
Consultancy expenses	166.234	89.434
Information technology expenses	124.981	60.931
Rent and office expenses	68.399	44.511
Tax and duties	87.391	17.570
Insurance expenses	31.764	23.657
Travelling expenses	17.560	7.974
Benefits and services provided externally	3.913	4.740
Other	196.368	122.848
	1.230.743	651.035

b) Marketing expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Export, transportation, warehouse expenses	2.999.228	1.349.663
Warranty and assembly expenses	1.025.249	583.038
Personnel expenses	1.211.697	601.013
Advertising expenses	439.681	293.400
Depreciation and amortization	50.984	93.079
Other	1.008.041	484.785
	6.734.880	3.404.978

c) Research and development expenses:

Depreciation and amortization	257.493	201.261
Personnel expenses	217.657	101.019
Travel expense	27.602	1.543
Other	213.864	101.872
	716.616	405.695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 27 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 31 December 2022	1 January - 31 December 2021
Credit finance gains arising from trading activities	133.315	28.588
Foreign exchange gains arising from trading activities	2.494.671	2.847.836
Reversals of provisions	22.052	13.638
Other income	326.702	274.139
	2.976.740	3.164.201

b) Other expense from operating activities:

Debit finance charges and interest income arising from trading activities	741.954	246.456
Foreign exchange expenses arising from trading activities	6.499.716	6.054.711
Provision expenses	12.424	31.755
Other expenses	303.577	223.278
	7.557.671	6.556.200

NOTE 28 - FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gains	5.843.570	5.304.728
Gains on derivative financial instruments	3.045.956	1.913.654
Interest income	1.464.332	838.238
	10.353.858	8.056.620

b) Financial expense:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange losses	4.270.180	3.217.176
Losses on derivative financial instruments	3.189.900	2.922.413
Interest and commission expense	2.742.919	1.308.747
Other finance expenses	6.811	8.161
	10.209.810	7.456.497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 29 - ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

a) Land, buildings and land improvements revaluation fund:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	3.985.651	2.514.867
Depreciation transfer upon revaluation reserves - net	(136.686)	(109.674)
Increase in reserves arising from revaluation of land, buildings and land improvements	2.681.393	1.877.468
Deferred tax income calculated over increase in revaluation reserves	(641.712)	(187.747)
Increase in revaluation reserves attributable to non-controlling interests	(300.270)	(131.991)
Deferred tax income calculated over increase in revaluation reserves attributable to non-controlling interest	64.586	13.199
Revaluation fund increase resulting from equity method investments	4.047	68.503
Transactions with non-controlling interests	(10.651)	(58.974)
Balance at 31 December	5.646.358	3.985.651

b) Cash flow hedge fund:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	132.935	(43.776)
Profit/(loss) from cash flow hedges	(388.570)	272.653
Deferred tax calculated over cash flow hedge fund	77.765	(66.312)
(Profit)/loss from cash flow hedges attributable to non-controlling interests	60.946	(37.038)
Deferred tax calculated over profit/(loss) from cash flow hedges attributable to non-controlling interests	(12.189)	7.408
Transactions with non-controlling interests	(254)	-
Balance at 31 December	(129.367)	132.935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 29 - ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (Cont'd)

c) Actuarial gain/loss arising from defined benefit plans:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	(160.070)	(65.191)
Actuarial gain/loss arising from defined benefit plans	(767.133)	(124.274)
Deferred tax calculated over actuarial gain/loss arising from defined benefit plans	153.427	24.855
Actuarial gain/loss arising from defined benefit plans attributable to non-controlling interests	64.288	8.544
Deferred tax calculated over actuarial gain/loss arising from defined benefit plans attributable to non-controlling interests	(12.858)	(1.709)
Transactions with non-controlling interests	1.551	(2.295)
Balance at 31 December	(720.795)	(160.070)

NOTE 30 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2022	31 December 2021
Corporation and income taxes	17.204	14.285
Prepaid taxes (-)	(51.426)	(22.272)
Current income tax liabilities - net	(34.222)	(7.987)
Deferred tax liabilities	-	(461.600)
Deferred tax assets	431.877	795.193
Deferred tax liabilities - net	431.877	333.593

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 23%, until the 17th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

Turkish Tax Legislation does not permit a parent company its subsidiaries and investments in associates to file a consolidated tax return. Therefore, tax liabilities as reflected in these consolidated financial statements have been calculated on a separate entity basis for the fully consolidated subsidiaries.

Corporate tax rate is applied to tax base by adding back non deductible expenses; deducting exceptions and discounts which are stated in taxation law. In case of any undistributed dividend, there is not any other tax payment. Therefore, in case of a distribution of the profit to;

- Individuals,
- Individuals and legal entities who are not subject to income and corporate tax,
- Individuals and legal entities who are limited taxpayers,

is subject to 15% income tax withholding tax. In case of addition to capital from current year's profit, it is not considered as profit distribution and withholding tax is not applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 30 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of the earning from investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed until 25th April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

In accordance with the regulation, corporate tax rate for the year 2022 has set for 23%, 2023 for 20%.

Russian Federation

In Russia, corporate tax rate applicable is 20% (2021: 20%). Under the Russian Federation taxation system, tax losses can be carried forward to be offset against future taxable income any period. The amounts that can be deducted are limited to 50% of the declared corporate income. On the other hand, tax, currency and customs legislations are subject to various interpretations and changes which can occurs frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the Group's operations and activities, can be interpreted by regional and federal authorities in different ways.

The events of the recent past in Russian Federation, shows that risk could be possible on approval of operations and activities, which approved in the past may not be approved in the future as a result of reviews by the tax authorities on legislation. According to a review by the tax inspection authorities, without exceptional circumstances, tax inspection covers three years prior to the final inspection. Under certain circumstances, such views may cover longer periods.

The tax results of Company's subsidiaries in other countries are not material to consolidated financial statements.

As of 1 January - 31 December 2022 and 2021 tax benefit in the consolidated statement of income is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax expense	(17.204)	(10.293)
Deferred tax benefit	559.303	465.477
Total tax benefit	542.099	455.184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 30 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Reconciliation between the current period tax expense and deferred tax benefit as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	566.088	1.698.769
Local tax rate	23%	25%
Tax income calculated using local tax rate	(130.200)	(424.692)
Non-deductible expenses	(134.804)	(101.864)
Loss from equity accounted investment	730	(16.615)
Adjustments with no tax effects	(166.880)	(12.418)
Deduction and exemptions	243.860	277.930
Reduced taxation	727.770	599.945
Deferred tax effect of change in legal tax rate	1.623	132.898
Total tax benefit	542.099	455.184

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Group has reduced rate of corporate tax advantage.

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for the Communiqué and tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 30 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary differences		Deferred tax	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Deferred tax assets/(liabilities)				
Revaluation of tangible fixed assets	7.986.773	5.305.380	(1.095.765)	(530.538)
Employment termination benefits	(1.240.006)	(387.222)	248.001	77.444
Investment incentive	-	-	532.965	228.430
Warranty provision	(831.695)	(570.469)	166.339	142.617
Provision for doubtful receivables	(154.598)	(174.147)	30.920	43.537
Net difference between book values and tax bases of property, plant and equipment and intangible asset	(869.566)	(100.000)	173.913	20.000
Net difference between book values and tax bases of inventories	(172.608)	(99.413)	34.522	24.853
Provision for derivative instruments	(488.345)	(243.119)	97.669	205.157
Carryforward tax losses and R&D incentives	-	-	295.603	103.941
Other	261.451	(72.608)	(52.290)	18.152
			431.877	333.593
			31 December 2022	31 December 2021
Subsidiaries with net deferred tax liabilities			-	(461.600)
Subsidiaries with net deferred assets			431.877	795.193

The movement of net deferred tax assets and liabilities is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	333.593	(12.216)
Tax benefit recognized in income statement	559.303	465.477
Recognized in shareholders' equity	(433.469)	(220.684)
Currency translation differences	(27.550)	101.016
Deferred tax (liabilities)/assets at the end of the period, net	431.877	333.593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 31 - EARNINGS PER SHARE

	1 January - 31 December 2022	1 January - 31 December 2021
Net income/(loss) attributable to equity holders of the parent	856.747	1.895.487
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.628	33.545.628
Earnings per share	2,55	5,65

NOTE 32 - DERIVATIVE INSTRUMENTS

	31 December 2022		31 December 2021	
	Fair Value		Fair Value	
	Contract amount	Assets/ (Liabilities)	Contract amount	Assets/ (Liabilities)
Derivative financial instruments:				
Held for trading				
Forward foreign currency transactions	4.322.285	97.790	1.610.694	14.151
Cash flow hedge				
Forward foreign currency transactions	2.974.281	9.434	7.794.738	274.617
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	3.952.326	(216.967)	5.999.754	(490.901)
Cash flow hedge				
Forward foreign currency transactions	9.658.119	(378.602)	1.374.424	(40.986)
	20.907.011	(488.345)	16.779.610	(243.119)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital risk management:

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the Group's cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

As of 31 December 2022, and 31 December 2021 the Group's net debt/total equity ratios are as follows:

	31 December 2022	31 December 2021
Total financial liabilities (Note 7)	21.435.706	12.117.126
Cash and cash equivalents (Note 5)	(1.552.411)	(2.089.143)
Net debt	19.883.295	10.027.983
Total shareholders equity	13.194.198	10.311.661
Total capital invested	33.077.493	20.339.644
Net debt/capital invested	60%	49%

b) Financial risk factors:

The Group's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Group's overall risk management programme on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

The Group is exposed to credit risk arising from receivables from credit finance sales and deposits with banks. Credit risk of receivables from third parties is managed by securing receivables with highest possible coverage. Methods used are:

- Bank guarantees (guarantee letters, etc.)
- Credit insurance
- Mortgages
- Cheque-notes

For customers receivables from which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors and individual risk limits are determined and monitored regularly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2022	Receivables				Bank deposits	Other
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Maximum exposed credit risk as of 31 December 2022 (A+B+C+D)	40.856	10.933.121	17.770.403	1.201.762	1.431.854	120.557
- Secured portion of the maximum credit risk by guarantees, etc.	-	(7.357.564)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	40.856	5.666.103	17.770.403	1.201.762	1.431.854	120.557
- Secured portion by guarantees etc.	-	(4.820.753)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of the overdue but not impaired financial assets	-	5.267.018	-	-	-	-
- Secured portion by guarantees etc.	-	(2.691.409)	-	-	-	-
D. Net book value of the impaired financial assets	-	-	-	-	-	-
- Over due (gross book value)	-	-	-	97.901	-	-
- Impairment (-)	-	(154.598)	-	(97.901)	-	-
- Secured portion of the net value by guarantees etc.	-	154.598	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2021	Receivables				Bank deposits	Other
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Maximum exposed credit risk as of 31 December 2021 (A+B+C+D)	14.133	6.660.616	11.566.057	738.919	1.960.965	128.178
- Secured portion of the maximum credit risk by guarantees, etc.	-	(3.894.116)	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	14.111	5.080.189	11.566.057	738.919	1.960.965	128.178
- Secured portion by guarantees etc.	-	(3.454.300)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of the overdue but not impaired financial assets	22	1.580.242	-	-	-	-
- Secured portion by guarantees etc.	-	(613.963)	-	-	-	-
D. Net book value of the impaired financial assets	-	186	-	-	-	-
- Over due (gross book value)	-	-	-	97.948	-	-
- Impairment (-)	-	(174.147)	-	(97.948)	-	-
- Secured portion of the net value by guarantees etc.	-	174.147	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Aging of financial assets which are overdue but not impaired is as follows:

	31 December 2022	31 December 2021
Overdue 1 - 30 days	2.141.857	807.845
Overdue 1 - 3 months	1.203.516	470.512
Overdue 3 - 12 months	1.469.453	243.774
Overdue 1 - 5 years	452.192	58.111
Total	5.267.018	1.580.242

There is no additional guarantee for receivables from related parties. The main shareholder declares that such receivables will be paid in case of need.

b.2) Liquidity risk:

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

The Group has classified letters of credit that used for the purchases of goods within the scope of its ordinary activities under trade payables. The amount of such letters of credit is TL 5.718.961 as of 31 December 2022 (31 December 2021: TL 6.222.464).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual cash flows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial and lease liabilities	21.435.706	22.408.170	2.121.340	19.031.425	1.255.405	-
Trade payables	21.764.354	22.064.601	17.450.836	4.364.431	143.498	105.836
Other payables and liabilities	2.791	2.791	2.791	-	-	-
	43.202.851	44.475.562	19.574.967	23.395.856	1.398.903	105.836
Derivative financial instruments						
Derivative cash inflows	-	20.907.011	13.983.731	6.923.280	-	-
Derivative cash outflows	-	(23.179.965)	(16.969.861)	(6.210.104)	-	-
	488.345	(2.272.954)	(2.986.130)	713.176	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2021, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual cash flows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial and lease liabilities	12.117.126	13.105.969	5.683.749	6.300.266	932.867	189.087
Trade payables	16.207.592	16.669.337	6.404.221	10.265.063	53	-
Other payables	10.752	10.752	10.752	-	-	-
	28.335.470	29.786.058	12.098.722	16.565.329	932.920	189.087
Derivative financial instruments						
Derivative cash inflows	-	16.779.610	12.650.129	4.129.481	-	-
Derivative cash outflows	-	(16.400.765)	(12.412.857)	(3.987.908)	-	-
	243.119	378.845	237.272	141.573	-	-

b.3) Foreign currency risk:

The Group is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Group mainly prefers using foreign exchange forward contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	USD (Thousand)	EUR (Thousand)	Other (TL Equivalent)	TL Equivalent
31 December 2022				
1. Trade receivables	92.683	263.765	587.424	7.578.567
2a. Monetary financial assets (including cash and cash equivalents)	21.100	26.982	10.514	942.932
2b. Non-monetary financial assets	-	-	-	-
3. Other	40.192	832	-	768.108
4. Current assets (1+2+3)	153.975	291.579	597.938	9.289.607
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611
7. Other	783.367	51	-	14.648.648
8. Non-current assets (5+6+7)	787.962	10.620	-	14.945.259
9. Total assets (4+8)	941.937	302.199	597.938	24.234.866
10. Trade payables	677.301	217.665	95.485	17.129.632
11. Financial liabilities	248.953	84.602	183.531	6.536.488
12a. Other monetary liabilities	277	805	-	21.265
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	926.531	303.072	279.016	23.687.385
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	36.142	-	-	677.012
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	36.142	9.157	-	859.885
18. Total liabilities (13+17)	962.673	312.229	279.016	24.547.270
19. Off-balance sheet derivative instruments net asset/(liability) position (19a+19b)	253.096	(367.085)	(206.830)	(2.796.817)
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)
20. Net foreign currency asset/(liability) position (9-18+19)	232.360	(377.115)	112.092	(3.109.221)
21. Net foreign currency monetary asset/(liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(25.331)	(20.599)	318.922	(609.015)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(488.345)
23. Export	614.513	1.589.196	2.421.546	43.007.114
24. Import	1.279.169	264.044	157.073	25.932.596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2021	USD (Thousand)	EUR (Thousand)	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	123.693	259.585	536.015	5.952.546
2a. Monetary financial assets (including cash and cash equivalents)	32.874	15.189	1.480.246	2.129.878
2b. Non-monetary financial assets	-	-	-	-
3. Other	28.598	781	-	382.597
4. Current assets (1+2+3)	185.165	275.555	2.016.261	8.465.021
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	5.876	8.483	-	200.806
7. Other	746.115	51	-	9.683.456
8. Non-current assets (5+6+7)	751.991	8.534	-	9.884.262
9. Total assets (4+8)	937.156	284.089	2.016.261	18.349.283
10. Trade payables	930.274	159.275	48.129	14.459.283
11. Financial liabilities	387.528	55.256	-	5.840.434
12a. Other monetary liabilities	6.306	1.395	-	102.318
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1.324.108	215.926	48.129	20.402.035
14. Trade payables	-	12.328	-	181.003
15. Financial liabilities	23.342	19.455	-	588.561
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	23.342	31.783	-	769.564
18. Total liabilities (13+17)	1.347.450	247.709	48.129	21.171.599
19. Off-balance sheet derivative instruments net asset/(liability) position (19a+19b)	459.279	(456.210)	(529.994)	(1.267.913)
19a. Hedged total assets	889.644	182.045	1.773.263	15.991.457
19b. Hedged total liabilities	(430.365)	(638.255)	(2.303.257)	(17.259.370)
20. Net foreign currency asset/(liability) position (9-18+19)	48.985	(419.830)	1.438.138	(4.090.229)
21. Net foreign currency monetary asset/(liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(416.170)	27.897	1.968.132	(3.023.122)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(243.119)
23. Export	750.685	1.444.050	2.060.349	25.942.328
24. Import	1.580.568	253.795	9.959	15.716.719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022 and 31 December 2021 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2022				
+/- 10% fluctuation of USD rate:				
USD net asset/liability	(42.017)	42.017	(42.017)	42.017
Secured portion from USD risk (-)	(370.415)	370.415	(370.415)	370.415
USD net effect	(412.432)	412.432	(412.432)	412.432
+/- 10% fluctuation of EUR rate:				
EUR net asset/liability	(18.910)	18.910	(18.910)	18.910
Secured portion from EUR risk (-)	(17.801)	17.801	(17.801)	17.801
EUR net effect	(36.711)	36.711	(36.711)	36.711
+/- 10% fluctuation of other currency rates:				
Other currencies net asset/liability	11.548	(11.548)	11.548	(11.548)
Secured portion from other currency risk (-)	(38.620)	38.620	329.651	(329.651)
Other currency net effect	(27.072)	27.072	341.199	(341.199)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2021				
+/- 10% fluctuation of USD rate:				
USD net asset/liability	(612.131)	612.131	(612.131)	612.131
Secured portion from USD risk (-)	(154.729)	154.729	(71.556)	71.556
USD net effect	(766.860)	766.860	(683.687)	683.687
+/- 10% fluctuation of EUR rate:				
EUR net asset/liability	40.959	(40.959)	40.959	(40.959)
Secured portion from EUR risk (-)	(125.042)	125.042	(387.274)	387.274
EUR net effect	(84.083)	84.083	(346.315)	346.315
+/- 10% fluctuation of other currency rates:				
Other currencies net asset/liability	196.813	(196.813)	196.813	(196.813)
Secured portion from other currency risk (-)	169.037	(169.037)	329.651	(329.651)
Other currency net effect	365.850	(365.850)	526.464	(526.464)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.4) Interest rate risk:

The Group is exposed to interest rate risk as the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Group which are sensitive to interest rate changes is as follows:

	31 December 2022	31 December 2021
Financial instruments with fixed interest rates		
Bank deposits	214.747	550.795
Financial liabilities	11.034.466	3.383.391
Financial instruments with floating interest rates		
Financial liabilities	10.401.240	8.733.735

On 31 December 2022, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has increased/decreased by 100 base point with all other variables held constant, income before taxes would have been TL 100.848 (2021: TL 16.451) lower/higher as a result of interest expenses.

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Categories of financial instruments and fair values

Among Group's financial assets, cash and cash equivalents (note 5), trade receivables (notes 8 and 9) and other receivables (notes 10), are classified as amortized cost, financial assets (note 6) as fair value through other comprehensive income, derivative instruments (note 31) as fair value through profit or loss.

Group's financial liabilities consist of financial liabilities (note 7), trade payables (note 8 and 9) and other payables (note 10) and are measured at amortized cost using the effective interest method, derivative instruments (note 32) are classified as fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value of financial instruments

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

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

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy tables as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	107.224	-	107.224
Financial investments	70.400	-	-	70.400
Financial liabilities				
Derivative financial liabilities	-	(595.569)	-	(595.569)
31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	288.768	-	288.768
Financial investments	16.601	-	-	16.601
Financial liabilities				
Derivative financial liabilities	-	(531.887)	-	(531.887)

An independent valuation of the Group's land, land improvements and buildings were performed by valuers to determine the fair value of the land and buildings as at 31 December 2022. The fair value of land, land improvements and buildings were determined using the inputs other than quoted prices (Level 2), (Note 2.6.i).

NOTE 35 - SUBSEQUENT EVENTS

Within the scope of the restructuring of sales and marketing companies abroad, Vestel Poland sp. z o.o., which is based in Poland and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V. another wholly owned subsidiary of Vestel Ticaret. With the merger, all the assets, liabilities and operations of Vestel Poland sp. z o.o. have been transferred to Vestel Holland B.V. Sp. z o.o. Oddział w Polsce, which is a branch established in Poland by Vestel Holland B.V. The merger took place as of 1 January 2023.

GRI CONTENT INDEX

STATEMENT OF USE	Vestel Elektronik Sanayi ve Ticaret A.Ş. has reported the information cited in this GRI content index for the period 01.01.2022-31.12.2022 with reference to the GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	GENERAL DISCLOSURES	
	2-1 Organizational details	Vestel in a Nutshell, Page: 4-5 From Vestel to the Entire World, Page: 10-11
	2-2 Entities included in the organization's sustainability reporting	About the Report, Page: 202
	2-3 Reporting period, frequency and contact point	01.01.2022-31.12.2022 Annual
	2-4 Restatements of information	There are no restatements of information.
	2-5 External assurance	Limited Assurance Report, Page: 228-231
	2-6 Activities, value chain and other business relationships	Vestel in a Nutshell, Page: 4-5 From Vestel to the Entire World, Page: 10-11 Vestel Integrated Business Model, Page: 30-31 Activities of the Company and Important Developments Regarding the Activities, Page: 165-167 Company's Organization and Nature of Operations, Page: 275
	2-7 Employees	Employees, Page: 104-115 Social Performance Indicators, Page: 212-215
	2-8 Workers who are not employees	Employees, Page: 117 Social Performance Indicators, Page: 212-215
	2-9 Governance structure and composition	Board of Directors, Page: 16-17 Senior Management, Page: 24-25 Shareholding Structure of Vestel Elektronik, Page: 161 Board of Directors, Page: 162-164 Corporate Governance Compliance Report, Page: 183-186 Corporate Governance Information Form, Page: 191-194 Structure of the Board of Directors, Page: 195 The Duties and Authorities of the Board of Directors, Page: 196 Board Committees, Page: 197-200
	2-10 Nomination and selection of the highest governance body	Board of Directors, Page: 191-192
	2-11 Chair of the highest governance body	Corporate Governance Information Form, Page: 191-192

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	GENERAL DISCLOSURES	
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Management, Page: 38-39
	2-13 Delegation of responsibility for managing impacts	Sustainability Management, Page: 38-39
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management, Page: 38-39
	2-15 Conflicts of interest	Statement of Compliance with Corporate Governance Principles, Page: 177
	2-16 Communication of critical concerns	Risks and Assessment of the Board of Directors, Page: 170-173
	2-17 Collective knowledge of the highest governance body	Board of Directors, Page: 16-17 Board of Directors, Page: 162-164
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Compliance Report, Page: 183-186
	2-19 Remuneration policies	Employees, Page: 105-107 Evaluation of the Board of Directors Regarding the Working Principles and Effectiveness of the Board Committees, Page: 201 https://www.vestel.com.tr/content/kurumsal-politikalar
	2-20 Process to determine remuneration	Corporate Governance Information Form, Page: 181-182
	2-21 Annual total compensation ratio	Corporate Governance Information Form, Page: 181-182

GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
GRI 2: GENERAL DISCLOSURES 2021	2-22 Statement on sustainable development strategy	Message from the Chairman, Page: 12-15 Message from the CEO, Page: 18-23 Sustainability Management, Page: 38-39
	2-23 Policy commitments	https://www.vestel.com.tr/content/kurumsal-politikalar
	2-24 Embedding policy commitments	https://www.vestel.com.tr/content/kurumsal-politikalar
	2-25 Processes to remediate negative impacts	Sustainability Management, Page: 38-39 Global Trends, Risks and Opportunities, Page: 42-62
	2-26 Mechanisms for seeking advice and raising concerns	Employees, Page: 105-107 Customer Experience, Page: 150
	2-27 Compliance with laws and regulations	Ethical Principles, Page: 40-41 Global Trends, Risks and Opportunities, Page: 42-43 Risks and Assessment of the Board of Directors, Page: 170-173
	2-28 Membership associations	Association Memberships and Supported Initiatives, Page: 205
	2-29 Approach to stakeholder engagement	Stakeholder Relations, Page: 203-204
	2-30 Collective bargaining agreements	There is no employee under the Collective Bargaining Agreement. All employee rights and benefits are protected and observed under the Labor Law No. 4857. Employees are informed by managers about decisions that may affect employees.
MATERIAL TOPICS		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Materiality Analysis, Page: 34
	3-2 List of material topics	Material Issues, Page: 35
ECONOMIC PERFORMANCE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
	201-1 Direct economic value generated and distributed	Summary Financial Statements and Operational Indicators, Page: 6-7 Vestel Integrated Business Model, Page: 30-31 Financial Performance, Page: 74-79
	201-2 Financial implications and other risks and opportunities due to climate change	Global Trends, Risks and Opportunities, Page: 42-62
	201-3 Defined benefit plan obligations and other retirement plans	Notes to the Financial Statements, Page: 292, 324-325
	201-4 Financial assistance received from government	There is no financial assistance received from government.
GRI 201: ECONOMIC PERFORMANCE 2016		

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
INDIRECT ECONOMIC IMPACTS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1 Infrastructure investments and services supported	Financial Performance, Page: 75 Production and Innovation Power, Page: 81-95
	203-2 Significant indirect economic impacts	Vestel Integrated Business Model, Page: 30-31 Circular Economy, Page: 129-133
PROCUREMENT PRACTICES		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending on local suppliers	Supply Chain, Page: 122-125
ANTI-CORRUPTION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 205: ANTI-CORRUPTION 2016	205-1 Operations assessed for risks related to corruption	Ethical Principles, Page: 40-41
	205-3 Confirmed incidents of corruption and actions taken	Ethical Principles, Page: 40-41
ANTI-COMPETITIVE BEHAVIOR		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are no legal actions for anti-competitive behavior, anti-trust, and monopoly practices during the reporting period.
TAX		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 207: TAX 2019	207-1 Approach to tax	Internal Audit Activities and Internal Control System, Page: 174-176
	207-2 Tax governance, control, and risk management	Internal Audit Activities and Internal Control System, Page: 174-176
	207-4 Country-by-country reporting	Notes to the Financial Statements, Page: 334-336

GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
MATERIALS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 301: MATERIALS 2016	301-1 Materials used by weight or volume	Vestel Integrated Business Model, Page: 30 Circular Economy, Page: 129-133 Environmental Performance Indicators, Page: 215-216
	301-2 Recycled input materials used	Circular Economy, Page: 129-133 Environmental Performance Indicators, Page: 215-216
	301-3 Reclaimed products and their packaging materials	Vestel Integrated Business Model, Page: 31 Corporate Citizenship, Page: 118-121 Circular Economy, Page: 129-133 Products and Solutions Creating Benefits, Page: 137-147 Environmental Performance Indicators, Page: 215-216
ENERGY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	Vestel Integrated Business Model, Page: 30-31 Materiality Analysis, Page: 36 Environmental Performance Indicators, Page: 215-216
	302-3 Energy intensity	Materiality Analysis, Page: 36
	302-4 Reduction of energy consumption	Materiality Analysis, Page: 36 Financial Performance, Page: 75 The Journey to Net Zero, Page: 129 Products and Solutions Creating Benefits, Page: 137-141
	302-5 Reductions in energy requirements of products and services	Financial Performance, Page: 75 The Journey to Net Zero, Page: 129 Products and Solutions Creating Benefits, Page: 137-141
WATER AND EFFLUENTS		
GRI 3: MATERIAL TOPICS 2021	3-3 Öncelikli konuların yönetimi	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37

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GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
GRI 303: WATER AND EFFLUENTS 2018	303-1 Interactions with water as a shared resource	Water Management, Page: 134-136 Products and Solutions Creating Benefits, Page: 141-142
	303-2 Management of water discharge-related impacts	Water Management, Page: 134-136 Products and Solutions Creating Benefits, Page: 141-142
	303-3 Water withdrawal	Environmental Performance Indicators, Page: 215-216
	303-4 Water discharge	Environmental Performance Indicators, Page: 215-216
	303-5 Water consumption	Environmental Performance Indicators, Page: 215-216
BIODIVERSITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 304: BIODIVERSITY 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Appendix 4: Integrated Management Systems and Environmental Management, Page: 207
	304-2 Significant impacts of activities, products and services on biodiversity	Appendix 4: Integrated Management Systems and Environmental Management, Page: 207
EMISSIONS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Performance Indicators, Page: 215-216
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Performance Indicators, Page: 215-216
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Performance Indicators, Page: 215-216
	305-4 GHG emissions intensity	The Journey to Net Zero, Page: 126, 128
	305-5 Reduction of GHG emissions	The Journey to Net Zero, Page: 126, 128
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Appendix 4: Integrated Management Systems and Environmental Management, Page: 208
WASTE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 306: WASTE 2020	306-1 Waste generation and significant waste-related impacts	Circular Economy, Page: 129-133
	306-2 Management of significant waste-related impacts	Circular Economy, Page: 129-133
	306-3 Waste generated	Environmental Performance Indicators, Page: 215-216
	306-4 Waste diverted from disposal	Environmental Performance Indicators, Page: 215-216
	306-5 Waste directed to disposal	Environmental Performance Indicators, Page: 215-216

GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain, Page: 122-125
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain, Page: 122-125
EMPLOYMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	Social Performance Indicators, Page: 214
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees, Page: 114
	401-3 Parental leave	Employees, Page: 114 Social Performance Indicators, Page: 214
OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	Employees, Page: 116-117
	403-2 Hazard identification, risk assessment, and incident investigation	Employees, Page: 116-117
	403-3 Occupational health services	Employees, Page: 116-117
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employees, Page: 116-117
	403-5 Worker training on occupational health and safety	Employees, Page: 116-117 Social Performance Indicators, Page: 215
	403-6 Promotion of worker health	Employees, Page: 116-117
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employees, Page: 116-117
	403-8 Workers covered by an occupational health and safety management system	Employees, Page: 116-117
	403-9 Work-related injuries	Employees, Page: 116-117
	403-10 Work-related ill health	Employees, Page: 116-117

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GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
TRAINING AND EDUCATION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	Employees, Page: 108-112 Social Performance Indicators, Page: 214-215
	404-2 Programs for upgrading employee skills and transition assistance programs	Employees, Page: 108-112
	404-3 Percentage of employees receiving regular performance and career development reviews	Employees, Page: 107-108 Social Performance Indicators, Page: 214-215
DIVERSITY AND EQUAL OPPORTUNITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Employees, Page: 105-107 Social Performance Indicators, Page: 212-214
	405-2 Ratio of basic salary and remuneration of women to men	Employees, Page: 105
NON-DISCRIMINATION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	Employees, Page: 105-107 There are no incidents of discrimination and corrective actions taken during the reporting period.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There is no employee under the Collective Bargaining Agreement. All employee rights and benefits are protected and observed under the Labor Law No. 4857.

GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
CHILD LABOR		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf
GRI 408: CHILD LABOR 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employees, Page: 105-107 Vestel Elektronik does not employ child labor.
FORCED OR COMPULSORY LABOR		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37 http://www.vestelinvestorrelations.com/en/_assets/pdf/zorlu-elektronik-code-of-ethics.pdf
GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employees, Page: 105-107 There are no incidents of forced or compulsory labor during the reporting period.
RIGHTS OF INDIGENOUS PEOPLES		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016	411-1 Incidents of violations involving rights of indigenous peoples	There are no incidents of violations involving rights of indigenous peoples during the reporting period.
SUPPLIER SOCIAL ASSESSMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1 New suppliers that were screened using social criteria	Employees, Page: 105-107 Supply Chain, Page: 122-125
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain, Page: 122-125
PUBLIC POLICY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
GRI 415: PUBLIC POLICY 2016	415-1 Political contributions	Vestel Elektronik does not support any political institution.

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GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
CUSTOMER HEALTH AND SAFETY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There are no incidents of non-compliance concerning the health and safety impacts of products and services during the reporting period.
MARKETING AND LABELING		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
	417-1 Requirements for product and service information and labeling	Production and Innovation Power, Page: 98 Appendix 4: Integrated Management Systems and Environmental Management, Page: 206-207
GRI 417: MARKETING AND LABELING 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	There are no incidents of non-compliance concerning product and service information and labeling during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	There are no incidents of non-compliance concerning marketing communications during the reporting period.
CUSTOMER PRIVACY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Strategic Approach, Page: 32-33 Materiality Analysis, Page: 34-37
		Data Security and Cyber Risks, Page: 102-103 Customer Experience, Page: 150
GRI 418: CUSTOMER PRIVACY 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There are no incidents of substantiated complaints concerning breaches of customer privacy and losses of customer data during the reporting period.

INVESTOR INFORMATION

GENERAL INFORMATION

Reporting Period: 01.01.2022 - 31.12.2022
Trade Name: Vestel Elektronik Sanayi ve Ticaret AŞ
Trade Registration No: Istanbul Trade Registry, No: 193621
Registered Capital Ceiling: TL 2,000,000,000
Paid-in/Issued Capital: TL 335,456,275

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FINANCIAL DATA AND COMPANY ANNOUNCEMENTS

Consolidated financial statements, auditor reports, annual reports and material event disclosures of Vestel Elektronik Sanayi ve Ticaret AŞ are available on the Company's website at www.vestelinvestorrelations.com.

Additionally, requests for information can be submitted to the Investor Relations Directorate of the Vestel Group of Companies via phone and e-mail.

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